The HR Function in Australia: Supports and Barriers to Strategic HRM Integration

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Submitted in fulfilment of the requirements for the degree of
Doctor of Philosophy
University of Tasmania
(December, 2001)

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Abstract

The transition from personnel management to Human Resource Management (HRM) has activated considerable discussion and debate within the academic literature about the strategic positioning of, and responsibility for, HRM activity (Beer, 1997; Dyer & Holder, 1988; Guest 1987; 1989). Specifically, effective HRM integration involves active HR representation in strategic decision-making processes, HR policies that cohere and the acceptance of HRM responsibilities by line managers and employees as part of their everyday life (Schuler, 1992). Despite the evidence that there has been some shift towards this goal, there is good reason to believe that the HR function is yet to make the full transition from administrator to strategic partner (Johnson, 2000; Kochan & Dyer, 2001; Storey, 2001;). In an environment where core competencies and competitive advantage are being increasingly linked to effective HRM activity (Boxall & Purcell, 2000), it is critical that barriers to the full realisation of HRM integration be understood and investigated.

The two broad aims of this thesis are to analyse the status, and processes underlying, strategic HRM integration in Australian organisations and to contribute to the theory development in strategic human resource management (SHRM). First, the analysis of strategic HRM integration involved an initial large-scale survey of the membership of the Australian Human Resource Institute (AHRI). The results of the survey revealed that senior HR managers were supportive of strategic HRM initiatives. Using a more qualitative approach, follow-up in-depth interviews with senior HR, finance and line managers in 13 case organisations helped to clarify the variables that impact on the success or otherwise of HRM integration. Results revealed that although it may be important that senior HR managers agree with strategic HRM initiatives and that

organisational structures are put in place to facilitate strategic HRM integration, unless there are deeper shifts in levels of strategic HRM commitment by HR managers and other senior business executives, the transition to strategic HRM integration may not be successful.

The second broad aim of the thesis, theory development, draws from the thesis results. Using ideas from the change literature, a model is developed of the proposed influences on strategic HRM integration. The argument supporting the model is that the decision to implement a strategic HRM approach requires a certain set of symbolic gestures and ritualistic changes. These symbolic changes, however, do not always necessarily result in desired outcomes: symbolic adjustments must be accompanied by deeper levels of change. The research holds a number of practical implications for HR professionals and senior business executives.

Acknowledgements

There are many people to whom I owe sincere thanks for their assistance throughout the evolution of this thesis. I wish first to express my gratitude to my doctorial supervisor, Professor Peter J. Dowling, for his guidance, encouragement and example throughout this collaboration. My thanks also go to the Australian Human Resource Institute for its financial support and assistance in the distribution of the large-scale survey. I would also like to thank the many case-study participants for their generosity and co-operation. Third, I would like to acknowledge my colleagues at the School of Management at the University of Tasmania. I would especially like to thank Dr. Rob Hecker, Dr. Lindsay Nelson and Dr. Peter Holland for their insights and input into the direction of this thesis. Finally, and most of all, I would like to thank my daughter, Tess, my parents, Wanda and Jack Sheehan, my sister Tracy Siedler, my brother-in-law Erk Siedler and my brother Stephen Sheehan for their encouragement and patience. I would also like to thank Geoff Fisher and Jude Poynter for their support and Dr. Gary Davison for his strong encouragement and ongoing belief in the process.

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Chapter 1
Introduction

Objective of this Chapter

The objective of this chapter is to provide an introduction to the topic of study, including a rationale for and outline of the thesis.

Rationale for this Thesis

The two broad aims of this thesis are to analyse the status, and processes underlying, the integration of strategic human resource management (SHRM) in Australian organisations and to contribute to theory development in SHRM. The work of the thesis serves to continue a line of research that has provided important 'snapshots' of the Personnel / HR role in Australia. Initial attempts to capture the extent and nature of personnel management work in Australia did not occur until the late 1940s. At that time a survey conducted by the Institute of Industrial Management in 1947 and Kangan and Cook's review of personnel management practices in 1949 were among the first studies of the personnel management role (*Manufacturing and Management*, 1947; Kangan & Cook, 1949). Prior to World War 2 there had been little interest in the personnel function as management had relied heavily on personal contact or intervention by foremen to deal with worker related concerns (Dunphy, 1987; Smart & Pontifex, 1993; Wright, 1995). Increased production associated with WW2, however, prompted the Australian government to train and appoint welfare officers and gradually a professional body, the Institute of Personnel Management (Australia) (IPMA) was formed in 1954 that recognised the work of the growing number of personnel management specialists. As a result, research into the nature of the work of personnel specialists began.

Ongoing reviews conducted by the IPMA were carried out in 1967 and 1977 (Cameron, 1967; Draper, 1977). These reviews noted the broader range of activities that were being taken on by the personnel department. Commentators at the time, including Wall (1971) and O'Neill (1983), the then editor of the IPMA journal, expressed concern at the increasingly diversified nature of the personnel management role. Wall (1971), for example, noted that the initial personnel management interest in welfare had, in response to economic pressures, been replaced by other concerns such as administrative efficiency. He argued that such a reactionary approach resulted in a 'piecemeal' set of duties, 'lacking in cohesion' (Wall, 1971: p. 27). These perceptions of fragmentation were addressed when the concept of Human Resource Management (HRM), that emerged from the United States, sought to provide a new role for those involved in personnel management and consolidate an organisation-wide commitment to the value of people and the management of human resources. HRM was defined as:

> ... all management decisions and actions that affect the nature of the relationship between the organisation and employees – its human resources (Beer, Spector, Lawrence, Quinn Mills, & Walton, 1984: p. 1).

Key factors that differentiated HRM[1] from personnel management included the strategic involvement of those connected with the newly named HR function. Specifically, Schuler (1992: p. 18) has explained that "Strategic human resources management is largely about integration and adaptation" and has defined the aims of Strategic HRM to be as follows:

> Its concern is to ensure that (1) human resources (HR) management is fully integrated with the strategy and the strategic needs of the firm; (2)

[1] The derivative term of Human Resources (HR), is also referred to throughout the thesis. As an adjective it may be included in titles such as the HR function or the HR manager or it may be used to describe specific HRM related activities such HR policy design or HR practices.

> HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work (Schuler, 1992: p. 18).

This description clearly reiterates the ideas of the original writers in the HRM area such as Beer et al., (1984), Devanna, Fombrun, and Tichy (1984) and Dyer and Holder 1988). The three areas of emphasis identified by Schuler (1992) above are also present in the HRM goal of strategic integration defined by Guest (1989: p. 42) to be :

> ...the ability of the organisation to integrate HRM issues into its strategic plans, to ensure that the various aspects of HRM cohere and for line managers to incorporate a HRM perspective into their decision making .

These developments represented a major shift in the role of those who had previously been part of the personnel function and in response Dowling and Deery surveyed the IPMA in 1984 in order to provide an update on the status and role of the personnel function (Dowling & Deery, 1985). Their research provided information on a range of matters; essentially profiling the role and duties of the Australian personnel practitioner. There has been little follow-up research, however, about the on-going reaction of HR professionals in Australia to the substantial changes that have occurred within HRM. Accordingly, the focus within the current research is the exploration of changing role of the Australian HR function.

The first step in the analysis within the thesis is the distribution of a large-scale survey to the membership of the Australian Human Resources Institute (AHRI). A key area investigated in this step of the research is the extent to which senior HR managers agree with and support strategic HRM initiatives in Australian enterprises. The second step of the analysis involves in-depth interviews with senior HR, finance and line managers in 13 case organisations and considers more fully the range of

factors that support or detract from the HRM goal of strategic integration. The motivation for this investigation is that despite the clear focus of the HRM goal of strategic integration, there is reason to believe that the goal is yet to be realised. As a result, factors that contribute to the success or otherwise of strategic HRM integration require further exploration.

In the U.S., key commentators such as Beer (1997), Lawler (1995) and Kochan and Dyer (1995), for example, have expressed concern that companies have not supported the new HRM focus. In Britain, the role of Personnel has gone through substantial review and attracted a great deal of debate and attention (Storey, 2001) yet evidence of strategic integration is apparent in only a minority of organisations (Cunningham & Hyman, 1999). Within the Asia-Pacific region, research conducted in New Zealand, as part of the Price Waterhouse and Cranfield International HRM project, concluded after a review of 531 organisations that "...a strategic approach to HR is at best moderate and best practices are only patchily applied" (Johnson, 2000: p. 69). In Australia, as noted above, there has been a paucity of research that provides a full and accurate review of the status of the HRM transition in Australian organisations. The Price Waterhouse and Cranfield study in 1998, however, co-ordinated by Kramar and Lake, has provided some important insights. In the 331 organisations reviewed, it was found that Australian HR professionals are good at delivering the traditional basic processes of selection, training, flexibility and performance appraisal. In the areas associated with more strategic input such as board membership and strategy initiation, however, improvement is needed. This research indicates that in Australia, as is the case elsewhere, there may be problems with the HRM transition that require further investigation.

The literature in this area has highlighted a number of key factors that may support or detract from effective HRM integration. HR professionals for example, may play a key role. If they do not understand and support HRM initiatives and act as credible business partners this may detract from the role of HR as a respected contributor in strategic decision-making processes (Beer, 1997; Ulrich, 1997). Other organisational factors that may have a direct impact on the HRM goal of strategic integration include: HR representation at the senior committee level; the formal reporting relationship and the informal connection between the senior HR manager and the CEO (Beer, 1997; Golden & Ramanujam, 1985; Hope-Hailey, Gratton, & McGovern, 1997; Lawler, 1995; Poole & Jenkins, 1997; Ulrich, 1997;). Through the use of in-depth interviews, the current research seeks to clarify the impact of each of these factors and, as well as determining their impact, look for other factors that emerge from the data as well as possible inter-relationships.

As well as these levels of analysis the work of this thesis is also concerned with theory development. Kochan & Dyer (2001) have indicated the need for greater exploration of the modelling of the HRM change process. There has been a great deal of attention given in the literature to the facilitative role that HRM can take in organisational change but as yet there has been little attention given to modelling the HRM change itself. The factors that emerge from the literature as having an impact on the success or otherwise of HRM integration, as noted above, may be important, but within the literature these factors are usually considered in isolation or in small clusters and there has been little attempt to model the change process mechanisms underlying the HRM goal of strategic integration. Therefore, using ideas from the

change literature, a model is developed of the proposed influences on strategic HRM integration.

In summary, the major aims of this thesis are as follows. The first aim is concerned with the analysis of the status of the HR role in Australian enterprises and the factors that impact on the success or otherwise of the HRM goal of strategic integration. In order to investigate perceptions of the HR role from within the HR function, the views of senior HR managers are analysed as part of a wide scale survey of the Australian professional HRM body, AHRI. This analysis is followed up with in-depth interviews in 13 case organisations in which the views of senior HR, finance and line managers are analysed to identify the factors that support or detract from the HRM goal of strategic integration. The second aim of the thesis is the theoretical development of the processes of change that underpin the transition from personnel management to HRM.

Organisation of this Thesis

Chapter 1 introduces and provides a rationale for the work of the thesis. In Chapter 2 the literature review begins with a history of HRM and concentrates primarily on developments in the U.S. and in Britain. A major theme that is developed in the chapter is the need for personnel management to constantly re-invent itself and adapt to wide-ranging, and often conflicting expectations. The discussion leads into a description of the forces that have resulted in the transition from personnel management to HRM and of the expectation that HRM provides a major departure from the previously disjointed approach to personnel management. Particular

emphasis is given within the description to the strategic character of HRM and some of the tensions that exist within the new approach.

The focus of Chapter 3 is the historical evolution from personnel management to HRM in Australia. The discussion reviews whether the economic factors and management trends that were influential in the movement towards HRM in the U.S. and in Britain had a similar impact on the evolution towards HRM in Australia. This analysis ensures a point of comparison with the U.S. and British literature when discussing generic HRM issues and problems in later chapters. It becomes clear, for example, that although the timing of various developments within personnel management differed between countries, similar influences were apparent and there is a match with the type of activities and responsibilities that were performed. Within the chapter it is also clear that the debates about the effective transition from personnel management to HRM which appear in the literature in the U.S. and in Britain are present in the Australian literature.

In Chapter 4 the literature review concludes with a detailed analysis of the transition from the personnel management to the HRM approach. Specific attention is given to the three elements of the HRM goal of strategic integration: the full integration of HRM within organisational strategic decision-making processes; HRM policies that cohere; and the integration of HRM with line management activities. The discussion considers the effectiveness of the transition and highlights a number of key factors that act as supports or barriers to the HRM goal of strategic integration.

The research design and methodology of this thesis is detailed in Chapter 5. A rationale is provided for the exploratory approach taken within the research and the use of both quantitative and qualitative data collection techniques. Specifically, details are provided of the questionnaire survey that was distributed to the membership of the Australian HR professional body, (AHRI) in June 1995, and the follow-up in-depth interviews with senior HR, finance and line managers in 13 case studies that were conducted between June and December, 1998. A feature of the qualitative analysis of the in-depth interviews was the use of the computer program QSR NUD*IST 4.

The results of the study are presented in Chapters 6 and 7. Chapter 6 reports on the quantitative data from the wide-scale survey of AHRI. The chapter first reviews the entire sample in order to present a detailed profile of the HR professional in Australia and compares these results with the data reported in Dowling and Deery's survey (1985). This comparison provides important information about changes in the demographics of the HRM professional body. A sub-sample made up of senior HR managers is then analysed to determine how well this group of professionals agree with and support strategic HRM initiatives in Australian organisations. In Chapter 7 the mainly qualitative analysis of interviews with senior HR, finance and line managers in 13 Australian companies provides a comprehensive follow-up to the survey data. As well as measuring perceptions about the realisation of strategic HRM initiatives, the analysis explores more fully the factors that support or detract from the HRM goal of strategic integration.

The discussion of the results and conclusions of the thesis are presented in Chapter 8 and reflect the major aims of the study: the analysis of the processes underlying the

transition from personnel management to HRM and theory development in the area of SHRM. Analysis of the results from the AHRI survey reports on the levels of support among senior HR managers for strategic HRM initiatives in Australian enterprises. The qualitative data from the in-depth interviews with senior HR, line and finance managers provide further insights into the factors that support or detract from the HRM goal of strategic integration. At the theoretical level, models of change are explored to explain the influences on strategic HRM integration. The resultant model differentiates between symbolic structural changes such as HR representation of senior committees and direct reporting relationship between HR managers and CEOs and deeper levels of change associated with shifts in values and assumptions. The chapter closes with a discussion of the implications of the findings of the thesis and the limitations of the research.

Chapter 2
A History of Human Resource Management

Objectives of this Chapter

The objectives of this chapter are to trace historical developments within personnel management and HRM and determine the impact that various influences have had on directions taken within these areas. This historical analysis provides a critical context for debate about the factors that may assist or hinder progress towards a redefinition of the role of HRM.

Introduction

A major theme that will be developed within this chapter is the need for the personnel department to constantly re-invent itself and adapt to wide-ranging, and often conflicting, expectations. This shifting role has resulted in an eclectic range of approaches to personnel management activities and although it could be argued that such variety adds perspective, the diversity in emphasis can also detract from the potential of HRM to make a clear and unified contribution to current corporate planning. The focus of those within the personnel management area, for example, has ranged from welfare, to a concern with efficiency and later to an understanding of union activity and the worker as part of a set of social networks. More recently the personnel department has been re-named the Human Resources department and it is now expected to adopt a strategic business partner role. At each stage of this evolution those working within the personnel department have had to change their focus and acquire a new set of skills. Accordingly, opinions vary about what personnel, or the more recently named human resource department, actually does and

where it most comfortably fits within the organisation. One result of this disparity of views is that the role of HR continues to lack definition and clarity.

The chapter that follows highlights the influences that have contributed to the debate about the appropriate activities of the personnel department. Major determinants of the perceptions of the role of the personnel department have been trends in industrial growth, the impact of war, depression, economic prosperity and more recently, international competition. These events have decided the growth, positioning and prestige of the personnel department within organisational structures. The discussion is largely drawn from the North American literature, and to a lesser extent, literature from the United Kingdom. The reason for this is that debate within the HRM literature in Australia has traditionally taken its lead from the themes developed in these countries. The current emphasis on the importance of strategic HRM and its status within central decision making processes, for example, was largely developed by writers from the Harvard Business School.

The literature generated within the United Kingdom similarly provides a rich basis for criticism and refinement of the HRM concept. The focus on the unitarist[2] perspective within the HRM approach, critically reviewed by writers such as Guest (1987) and Legge (1995, for example, is a theme that has attracted the attention of writers focussed on changes to the industrial relations climate within Australia. In general then, issues and themes that become topical in the U.S. and in Britain prompt

[2] Farnham and Pimlott (1986) have noted that within unitary theory "...there is no conflict of interest between those supplying financial capital to the enterprise and their managerial representatives, and those contributing their labour skills" (p.4). The unitarist view suggests that the employer / employee relationship is a partnership. It is assumed that employees identify unreservedly with the aims of the enterprise.

discussion and debate in Australia and provide a useful platform for the analysis of regional HRM developments.

The Employment Relationship in the Pre-industrial Era

The collapse of the feudal system is an appropriate place to begin the discussion of modern influences on the employment relationship as it symbolised the beginning of the free employment relationship (Dulebohn, Ferris & Stodd, 1995). Between 1400 and 1700 there was a movement away from the feudal system that was characterised by landowners and peasants: a time when life was hard and material comfort was reserved for the minority. Brown (1964) has claimed however, that even though the Middle Ages were in no sense of the word ideal, human relations during this period were perhaps better than they have ever been. Each member of society had a clearly defined position and the security of a paternalistic structure. Argyle (1972) has observed:

> There was little hostility between landowners and peasants: their positions were fixed but complementary, and each side recognised its social responsibilities towards each other (Argyle, 1972: pp. 20-21).

The eventual deterioration of this system introduced complexities that form the basis for the current industrial system. The severing of the primary connection of employment with the land, and the growth of towns and villages, allowed the shift from subsistence agriculture to a commercial mixed economy. Consequently, a middle class emerged that became the forerunners of entrepreneurs and factory owners. These early capitalists developed a "putting out" relationship with craftsmen where the merchants supplied craftsmen with production materials and agreed to take the finished product. In essence the merchant bought labour "...in the same way that he bought his raw materials: as a definite quantity of work, completed and embodied

in the product" (Braverman, 1974: pp. 60-61). These merchants controlled the labour of the craftsmen and essentially set up an employee type relationship. It was during the industrial revolution, however, that the impact of this relationship was to be more fully realised.

The Impact of the Industrial Revolution

The Industrial Revolution began in Great Britain in the late 18th century and spread to America in the early 19th century. Improvements in textile machinery and the perfecting of the steam engine made large-scale production a possibility and the replacement of human strength with work performed by machines became the key feature of the period (Dulebohn et al., 1995; Faulkner, 1943). Indeed Brown (1964) has made the following observation:

> ...machines were better cared for than workers, since the latter could easily be replaced when they were worn out, and machines were more difficult to obtain. (p. 32).

This attitude to the workforce may have changed but there are features of the then new relationship between workers and managers that are still part of the employment relationship today. The factory system, for example, introduced the notion of a permanent wage system and the centralisation of work. Production tasks and labour were also clearly subdivided and routinised. This introduced the need for a system of supervision and overall management for the integration of the network of tasks (Dulebohn et al., 1995). Although the form and structure of these features may have changed, they are still largely in place in modern organisations.

In America, manufacturing prospered enormously during the Civil War that began in 1860. The war was seen to be transitional, marking a true commitment to

industrialisation (Faulkner, 1943; Fite & Reese, 1959; Jaher, 1968). The years following the Civil War witnessed one of the most remarkable periods of America's economic growth and had a major impact on the worklife of those employed in the burgeoning industrial system. By 1894 America had become the leading manufacturing nation of the world with one fifth of all American workers directly engaged in manufacturing by 1900 (Fite & Reese, 1959; Scheiber, Vatter & Faulkner, 1976). This dramatic rise in manufacturing created a new order in the form of the business enterprise, dominated by giant corporations (Greenleaf, 1968).

The Development of Early Personnel Practices

Despite phenomenal organisational growth in the late 19th century, personnel management practices failed to evolve at the same rate. There was evidence of development of divisions within companies, for example, but there was no dedicated area that specialised in labour administration (Eilbirt, 1959). Before 1900 most of these concerns were dealt with by the employer or the foreman. Prior to the Civil War this worked quite well and employment concerns were managed in a paternalistic and personal manner. With the increasing size of organisations, however, the control of labour became autocratic and because the government adopted a passive, laissez faire attitude to the general course of the economy, there was a reduced concern for the welfare and security of the worker (Ross, 1968). Large organisations were more concerned with structural efficiency and the refinement of manufacturing processes so the control and management of the workers was largely left to the foreman or the first line supervisor who was generally known for his impersonality and harshness (Dulebohn et al., 1995). When this was combined with eventual conditions of economic downturn, an oversupply of unskilled labour and chronic unemployment,

the quality of working life fell dramatically and attention to the needs of employees could only be described as negligible (Dulebohn et al., 1995). This situation did not go unnoticed, however, as it soon became apparent that poor management of employees had ramifications for productivity.

Welfare Work, Scientific Management and Personnel Specialists

Around the time of the First World War, two separate and concurrent movements that began in the nineteenth century merged to form the basis of personnel management work (Eilbirt 1959; Kaufman, 1993). Both these movements were a response to worker related problems in the factory; welfare work dealt with worker dissatisfaction and scientific management dealt with labour and management inefficiencies.

Welfare work had its genesis in England in the 1800s, where the industrial revolution had encouraged the movement of people into the city and initiated many into factory work life. Unfortunately the factory environment was harsh and degrading and few employers saw the need to provide comfortable work conditions. Driven by their need to survive in the laissez faire environment, the primary concern of entrepreneurs was maximisation of profits. Social reformers such as Lord Shaftsbury and Robert Owen, however, criticised employer behaviour and supported the appointment of welfare workers. These welfare workers were the occupational forebearers of the personnel management specialist. Initially these workers were operating in a minority of companies that were predominantly Quaker or non-conformist. Leading examples of this development were the Quaker families of Cadbury, Rowntree and the Lever brothers [3] (Legge, 1995). Ideologically they were committed to the betterment of

[3]Cadbury Schweppes and Unilever remain among the most efficient and profitable businesses in Britain (Torrington, 1989).

employee work conditions and acted as "acolytes of benevolence" (Torrington & Hall, 1998: p. 8). Early pioneers in the area dealt with issues including victimisation and unfair dismissal: issues "...as old as work itself" (Tyson, 1995, p. 17). Some of the companies set up progressive schemes of unemployment benefits, sick pay and subsidised housing for their employees. Those who were representing the needs of employees, eventually formalised their commitment to the improvement of work conditions by forming the Institute of Welfare Officers (now the Institute of Personnel Managers) at a meeting in York in 1913 (Torrington, 1989).

The first American experiments in welfare work followed the pattern set down in England and similarly appeared in the manufacturing industry.[4] Progress in the work was slow however and it was not until the early 1900s that industry began to employ social or welfare secretaries as staff members responsible for administration of welfare programs. These secretaries were considered to be a contact point between the firm and its employees and the task of the welfare secretary was to ameliorate the hard working conditions of the day (Eilbirt, 1959). Many firms however administered the welfare programs without the aid of a welfare secretary. Indeed welfare work fell into disrepute and the secretary's position largely disappeared (Ling, 1965). Despite the demise of the welfare secretary, the role had made a significant contribution to the development of the personnel function and remnants of the work remain in the current personnel management / HRM role.

[4] The primary purpose of these innovations was to prevent strikes and increase production. Between 1886 and 1889, a period of labor unrest, some forty companies launched profit-sharing schemes with their employees and provided amenities such as lunch rooms and landscaped grounds. Other welfare provisions included housing, schools, libraries, medical care and recreational facilities (Jacoby, 1985; Duleborn et al., 1995).

The secretary's replacement, the employment manager or labour administrator, brought a new, broader concept to personnel management work. The costs associated with the problem of waste in industry, particularly labour inefficiency, required someone equipped to handle labour problems in a more sophisticated manner than a welfare secretary was able to devise. Employing organisations were becoming larger and interest was growing in the idea of task specialisation. There was a need then for someone who had stronger skills in what could loosely be called staffing. It was at this point that those versed in the principles of scientific management came to the fore.

The scientific management movement was driven by an American Quaker from Philadelphia, Frederick W. Taylor, known by his colleagues as "speedy" Taylor. As a college student, Taylor was a baseball enthusiast who, after discovering the inefficiencies of pitching underhand, proceeded to institute the overhand method which he pointed out "got results" (Brown, 1964: p. 12). It was this attention to efficiency that he eventually applied to work co-ordination. He believed that through careful attention to process and method he could align the needs and interests of workers and managers. The mutual benefits included higher productivity for employers and higher wages for workers (Burns, 1969; Rose, 1988; Ulman, 1961).

The scientific management philosophy helped to set up basic principles about the development of employees and insisted that management seriously attend to investment in training and careful selection and placement of employees. Specifically, Taylor (1911) advised that management take on responsibility for a set of four new duties that would improve efficiency. First, management should develop

a science for each element of a man's work that was to replace the old rule of thumb method. This would ensure that there was an agreed 'best way' to complete each task. Second, there should be a scientific approach to the selection, training, teaching and development of the workman. In the past, workers had trained themselves as best as they could and this had led to inconsistent productivity. Third, management should heartily co-operate with the man so as to ensure that all of the work was being done in accordance with the principles of the developed science. Finally, there was to be an almost equal division of the work and the responsibility between the management and the workmen. The emphasis then was on making management responsible for co-ordination of tasks and development of scientific techniques. The workmen could concentrate on what they knew best, physical labour. Taylor considered that this combination of responsibilities made scientific management much more efficient than previous ad hoc methods that largely expected a hard day's work from employees but provided little in the way of training in appropriate methods or co-ordination of tasks. Taylor also believed that the benefits of the revised system of work should not only be enjoyed by management but by the worker as well. This was recognised in the system of incentive pay where workers were rewarded for above average productivity (Taylor, 1911).

By focussing so intently on worker development, work process flow, pay incentives and task co-ordination, Eilbirt (1959) has argued that scientific management brought us to the "...borders of personnel administration" (p. 348). Taylorism laid down the foundations for many current HRM practices. Scientific management demonstrated the usefulness of job analysis as a basis for selection, training, job evaluation, job change and compensation and stressed the importance of proper selection procedures

and training methods. Taylor also advanced the notion of variable pay and the use of pay as a valuable management tool and finally, he identified the need for workers to be won over and led by management (Dulebohn et al., 1995).

Even though Taylor clearly laid down a foundation for later personnel management principles, there was no specific personnel department within his scheme for re-organising structure. He did identify the importance of functional management, however, and the delegation of the traditional foreman's responsibilities to other employees who could became specialists. At the Midvale Steele company in Philadelphia there was a rate fixing department and an employment bureau that was incorporated into the Planning Department. Eventually this was to call attention to the need for a separate function in organisations that would be concerned with personnel management matters (Woodward, 1965). The National Cash Register Company, for example, noted having a labour department in 1902 that dealt with workmen's grievances, working conditions and record keeping duties. Overall, Taylor made a major contribution to the development of personnel practices and principles. His ideas recognised the need for management to set up careful selection techniques, appropriate training, task co-ordination, standard work practices and productivity based pay. He also reinforced the importance of functional management and this supported the eventual recognition of a specialised labour department.

The advocates of welfare work and scientific management were pioneers in the area that would eventually become the domain of the personnel administrative function (Eilbirt, 1959). Although each movement had a different motivation, each focussed attention on the importance of labour in the production process and highlighted the

notion that efficiency and resultant profits were heavily influenced by the correct management of labour. It was at this time that the area of industrial psychology began to attract attention. Whereas scientific management had focused on the job, industrial psychology focused more on the worker and individual differences.

The Impact of Industrial Psychology on Personnel Practices

The meticulous study and analysis of production embodied in scientific management added much to the growing body of work-related knowledge. The trend toward the oversimplification of work, however, ignored more subtle issues of worker fatigue and the analysis of individual differences. Rose (1988) highlighted this in his description of Taylor's "... startling unfamiliarity with the world" (p. 45). Taylor's response to claims of workers' suffering from overwork was that they could always quit. Industrial psychology, however, took quite a different view of the worker. Writers in the area specifically chose to attend to the employee's well-being and the psychological costs associated with work. As Myers noted:

> The aim of Industrial Psychology is not primarily to obtain greater output but to give the worker greater ease at his work. Ease does not mean merely physical ease but also mental ease (Myers, 1929: pp. 14-15).

Early contributions to this area dated back to the late 1800s with the work of Marey in 1878 and Mosso in 1888 who were interested in the relationship between work and fatigue. In 1911, Walter Dill Scott published the first essay applying the principles of psychology to inducing employees to increase the quality and quantity of their work (Ling, 1965). It was the work of Hugo Munsterberg in 1913 however, that clearly defined the value of applying psychology to the work situation (Kaufman, 1993; Viteles, 1933). In his book *Psychology and Industrial Efficiency,* Munsterberg

outlined how the psychologist could be of service to industry[5] and his work stimulated interest in more accurate methods of personnel selection. Specifically, he developed the idea of matching worker abilities with jobs through the use of testing devices. He reported success, for example, in the selection of high performing telephone operators. Through various kinds of tests that gauged space perception, intelligence and dexterity, he was able to identify employees who were better suited to the task (French, 1982; Munsterberg, 1913). Coinciding with this work was Binet's research into intelligence testing. Based in France, Binet was developing intelligence tests to predict the performance of children at school (Avery & Baker, 1990). This research into applied psychology was beginning to attract some attention and interest but it was the onset of World War 1 that fully mobilised research into psychological testing and established those working within the personnel management area as experts in induction and the appropriate utilisation of large numbers of employees (Viteles, 1933).

World War 1 and Personnel Practice Initiatives

The First World War had a massive impact on the development of personnel practices and the esteem given to those working within the personnel management area. The research of industrial psychologists that had, up until this time, been attracting some interest, soon flourished with the demands of the war effort as the U.S. government threw its full support behind improving the status of the personnel function (McCormick & Ilgen, 1985; Rose, 1975). The government insisted for example, that personnel departments be installed in munitions plants and shipyards. Full attention

[5] First, the psychologist could identify the worker whose mental qualities were best suited to the job. Second, he could determine the most appropriate psychological conditions for high work performance. Finally, the psychologist could influence the human mind to work in line with the needs of business (Munsterberg, 1913).

was given to the orderly management of work and this meant that specialised employment departments were necessary to oversee the process (Ling, 1965).

It was in the military however, that major developments occurred in personnel practices. The United States Army wished to avoid the recruitment mistakes made in Britain: in response to the call to war the British Army had sent their best men. As a result the bulk of the skilled men were killed and a major resource necessary to train subsequent recruits was lost (Ling, 1965). Consequently the main concern of the United States Army was to design a broad-based program to draw in as many suitable recruits as possible. The program would need to eliminate those who were mentally unfit for Army duty, classify the remainder according to intelligence levels and select for promotion to officer status those with superior ability (Sofer, 1972). To help with this work the U. S. Secretary of War created the Committee on Classification of Personnel in the Army. The work of the Committee constituted the largest single experiment ever attempted in the application of psychological methods: nearly two million American servicemen were tested. The U. S. army developed two types of examinations: one known as the alpha test, designed for men who could read and write English quite well, and the other known as the beta test, was designed for men who were unable to read or write effectively (French, 1982; Ribeaux & Poppleton, 1978; Ling, 1965; Viteles, 1933). Ling (1965) has argued that the procedures that were developed at this time virtually created the areas of personnel testing and performance appraisal.

In Britain the war similarly prompted an interest in the application of psychological testing techniques. Tests were used to distinguish specific aptitudes for specialised

tasks[6] and these activities eventually led to the establishment of a National Institute of Industrial Psychology in 1922. A primary purpose of the Institute was the further development and design of intelligence and ability tests for the purposes of personnel selection and occupational guidance. The problems being faced in the large factories that were supporting the war effort also led to the establishment of The Health of Munitions Workers Committee in 1915. This committee was dedicated to investigating the effects of physical conditions of work on performance, accidents and absenteeism (Sofer, 1972; Ribeaux & Poppleton, 1978).

In summary, the contribution made by personnel practices, both in selection and training in the Army and to management procedures in the munitions factories during World War 1, resulted in widespread recognition by American business of the value of the personnel specialist in the workplace (Dulebohn et al., 1995; French, 1982; Ling, 1965; Sofer, 1972). The respect and demand for sophisticated personnel practices and the establishment of a personnel function was further influenced by labour shortages and high levels of worker turnover that occurred at the end of the war. This meant that employers had to carefully monitor the efficiency of the workers that they were able to secure (Dulebohn et al., 1995). The effects on the employment management department within the organisation were dramatic. The activities of newly established personnel departments removed the hiring and firing functions from line managers and centralised the processes along with the development of other areas such as welfare work, job standardisation and time studies (Eilbirt, 1959). Thus, a function clearly dedicated to employment issues began to emerge.

[6] During the last year of the war, for example, applied selection tests were developed to identify men to use listening devices for locating enemy submarines (Sofer, 1972).

The rapid acceptance of the newly formed personnel practices did however cause some problems. Many employers expected great things from some of the procedures associated with testing and selection. Unfortunately the tests were used indiscriminately and inevitably did not always produce the desired results (Rose, 1975). Nevertheless the net effect of exposure to personnel methods was mostly favourable. Ling (1965) has suggested that despite some of the problems experienced with the new techniques, employers were prompted to think more deeply about personnel management work as an efficiency factor. The other major outcome of the attention being given to personnel matters was the ongoing support for a recognised professional body to represent personnel specialists.

Initially a small group of employment managers in the United States formed the Boston Employment Managers' Association (EMA) in 1912. Following Boston's example, EMAs were formed in other big cities. Eventually, in 1917, a national association was created and a new profession was recognised. The purpose of the Association was to compare experiences and establish standards of practice with the primary focus on labour problems and the interaction between employers and workers (Dulebohn et al., 1995; Ling, 1965). Coupled with the formation of a professional association, was the establishment of recognised training programs for employment managers. The Tuck School at Dartmouth College offered the first training program for employment managers in 1915 and by 1919 there were more than a dozen colleges running such programs (Eilbirt, 1959). Members of the profession were referred to by different names but the early label most commonly used was employment manager.

Although no university featured a separate degree program in IR or personnel management, in 1920, the first university textbook devoted to personnel management was authored by Ordway Tead and Henry Metcalf (Kaufman, 1999). These authors drew from business administration, the behavioural sciences and engineering to construct a sound foundation for study in the area of personnel management. Another author John R. Commons in his books *Industrial Goodwill* (1919) *and Industrial Government* (1921) was the first academic to use the term "human resources". Commons adopted a labour economics' perspective and accordingly drew from economics, history, law and sociology. These authors formed the basis for subsequent developments in personnel management and HRM education.

Overall the developments in the United States and Britain during World War 1 acknowledged a permanent role for personnel specialists and as the War drew to a close it became clear that many of the advances introduced during that time could be very successfully applied to post-war industry. Industrial psychology had made a major contribution to the areas of selection, efficiency and improved methods of work and training. It was the early human relations efforts, however, that had an impact on the direction taken within personnel management in the post-War period.

The Impact of the Human Relations Movement

The Human Relations movement was concerned with how workers responded to social settings and the importance of group dynamics. In short the area concentrated on man's social motivation and its impact on the work environment (Argyle, 1972; ; Burns, 1969; Carey, 1967; Dulebohn et al., 1995; Ribeaux & Poppleton, 1978; Roethlisberger, 1977). Interest in the effects of groups and the importance of social

interaction on work performance were largely an outcome of what has become known as the Hawthorne studies. Late in 1924 the Western Electric Company and the National Research Council of the National Academy of Sciences laid plans to study the relationship between illumination and worker efficiency at the company's Hawthorne Works in Chicago. Initially, it appeared that these experiments were to be just another example of the then fashionable studies conducted by efficiency experts. The aim of the research was to determine the relationship between illumination and worker efficiency but the experiment produced some unusual results and unexpected responses. The group was divided into a control group and a test group. As illumination for the test group was increased their efficiency also increased. This was in line with expectations. The unusual finding was that efficiency also increased with the control group. Further tests showed that when the lighting was reduced, output for the control group and the test group continued to increase (Roethlisberger, 1977).

After three years of experimentation with illogical results, Vannevar Bush, one of the original investigators on the project, suggested that social scientists be brought into the project to determine the impact that worker motivation was having on productivity outcomes (French, 1982). It was at that time that Professor Elton Mayo[7] and his colleagues, F. J. Roethlisberger and T. North Whitehead at the Harvard Business School became identified with the project. The research team embarked on a series of additional experiments. In one such experiment, a group of six female operatives were segregated from the larger group in order to observe the effect on output and

[7] Elton Mayo was an Australian who occupied the Chair of Philosophy at the University of Queensland from 1919 to 1921 but spent most of his working life at Harvard University. His research showed the importance of groups in affecting behaviour of individuals at work and resulted in his writings about the role that managers should play in the workplace. His most famous research project was the five-year investigation of the Hawthorne works of the Western Electric Company in Chicago (Pugh & Hickson, 1989; Urwick, 1960).

morale of various changes in the conditions of work. Almost without exception, output continued to increase with each change made to rest breaks or incentive arrangements. The explanation given for this was that the operatives had become a supportive social group with high group cohesion. The established output norms were also clearly communicated by the researchers and the workers took personal pride in meeting these expectations. Mayo concluded that work satisfaction depends to a large extent on the informal social patterns of the group. Additionally the work norms established by the group were considered to be more important than the physical conditions in which people work (Pugh & Hickson, 1989). With respect to the findings of the research connected with the Hawthorne experiments, Mayo (1945: pp. 81) wrote "Management, in any continuously successful plant, is not related to single workers, but always to working groups" and:

> The test room was responsible for many important findings – rest periods, hours of work, food, and the like: but the most important finding of all was unquestionably in the general area of teamwork and co-operation (1945: pp. 81 - 2).

The importance of social structure and team dynamics were reinforced in the U.K coal mining studies conducted by Eric Trist and his Tavistock Institute colleagues in the 1940s (Trist & Bamforth, 1951). These researchers made connections between technology change, social groupings and productivity. An existing method of mining coal known as the 'short wall' method, involved small groups of up to eight men working very closely together on a restricted area of the coal face. The intense and often dangerous working conditions created a strong interdependence within the group of men and also resulted in fierce competition and rivalry between groups. This system of small work groups was then replaced with a new system that involved the use of mechanical coal cutting equipment and more importantly a re-organisation

of the work flow such that the miners worked in groups of about forty to fifty men, spread out along the low narrow tunnel ways. It was expected that this method would produce more coal in a shorter period of time. The result was however that the change actually led to a decrease in productivity rather than an increase. The researchers noted that the close relationships that had previously been in place in the smaller groups had sustained a higher level of communication and efficiency. This high level of co-ordination and co-operation broke down, however, when the group size was increased and the members of the group were spread out along the mine. As was the case in the Hawthorne studies, the conclusion drawn was that effective work design requires attention not only to the task but recognition of man's social needs as well (Trist & Bamforth, 1951).

Attention to the individual as part of a group became very topical in the post war period as tensions arose around manager and employee relations. In the U.S.A. Mayo was deeply concerned about the extensive social disintegration and suggested that the reason for the disorder was that social invention had not kept pace with the technical invention. He commented that:

> ...in the material and scientific spheres we have been careful to develop knowledge and technique, in the human and socio-political we have content ourselves with haphazard guess and opportunistic fumbling (1933, p. 137).

Industrial unrest and strike activity were on the increase[8] and there was increasing support for industrial democracy and the ideal that the worker had a valuable contribution to make to the management of organisations. Mayo took quite another

[8] In 1919, for example, four million workers went out on strike against American employers and fears of industrial unrest and social disorder were exacerbated by the 1917 Bolshevik Revolution in Russia (Dulles, 1966; O'Connor, 1999).

view, however, on the role of the worker and strongly rejected the progress of the labour movement. He acknowledged the need for individuals to attach to each other, and he recognised communism and trade unionism as a cry to capture human solidarity, but he dismissed such developments as a trend towards collective mediocrity. He reasoned that within such systems, power is placed in the hands of a class that is largely ill-equipped to make the necessary skilled decisions (Mayo, 1933; O'Connor, 1999). In his extensive writings about social disorder he argued that the only way forward was through the development of an elite management group that was committed to inspiring co-operation and collaboration (Mayo, 1933).

Not surprisingly, those associated with business responded extremely favourably to the view that validated a managerial elite as the proper exclusive bearer of administrative control (Rose, 1975). John D. Rockerfeller Jr., for example, was prepared to finance Mayo's research at the Harvard Business School (HBS) and, as a result, established the HBS as the country's premier institute on leadership training. O'Connor (1999) has noted that in response Mayo's research dealt directly with:

> ...the core of executive concerns: it revolved around how to calm the worker's irrational, agitation-prone mind and how to develop a curriculum to train managers and executives to do so (p. 124).

For those involved in the personnel function, the ideas generated by the human relations movement had several ramifications. First, the emphasis on group activity, the importance of effective leadership and interpersonal relations influenced thinking in areas such as training, incentives and communication. Leadership training became a priority, for example, as it became clear that group leadership was critical to effective group cohesion but there was, at the time, little opportunity for people to learn these skills. Mayo had stressed that "...we are greatly in need of an

administrative elite who can access and handle the concrete difficulties of human collaboration" (Mayo, 1933). There was also a review of the traditional thinking on wage incentives. If group cooperation is a priority then group rather than individual incentives were seen to improve this. Informal communication networks were also taken more seriously and supervisors were encouraged to understand and use these communication channels (Ling, 1965) .

A second outcome of the human relations movement for those involved in personnel management work was the general acceptance by management that human needs were more important than physical working conditions (Pugh & Hickson, 1989). This elevated the importance of the personnel function as management wanted to know more about employees and in many instances behavioural scientists were brought into industry to broaden management's understanding about employee motivation (Ling, 1965).

In summary, the human relations movement meant that those working within the personnel management area had to acquire broader skills as expertise in welfare and efficiency were no longer enough. The importance being given to social interaction at work required expertise in group dynamics as well. As economic conditions took a downturn in the late 1920s and early 1930s this understanding about relationships with employees became even more important. The increase in trade union membership in the U.S. meant that general personnel management matters were to be replaced by more specific concerns associated with worker unrest and increased strike activity.

The Increasing Interest in Industrial Relations Matters

Although the area of personnel management was enthusiastically incorporated into business after WW1, during the Great Depression "...the function languished in importance for a period of time" (Dulebohn et al., 1995: p. 27). The main reason for this was the slowing of industrial expansion and the contraction of the workforce in the U.S. that began in late 1929. Smaller companies began to cut wages and dismiss employees and eventually larger organisations had to ration work as well. By November 1932 production had declined nearly 48% since 1929 and in such a harsh environment, matters associated with employee welfare and job needs faded in importance as enterprises struggled to merely survive[9] (Dulles, 1966).

It was at this time that Franklin D. Roosevelt was nominated as the Democratic candidate for the U.S. Presidency. When he eventually came into office in 1933 his commitment to a 'New Deal' brought some relief to the economic crisis (Burtt, 1979; Rayback, 1959). A major part of President Roosevelt's response to the oppressive conditions of the depression was to review Labor legislation and the changes that were subsequently made clearly elevated the area of industrial relations above broader personnel management matters. Specifically, the legislative changes reversed the previous decline in trade union influence and provided a turning point in the history of labour legislation and the success of organised labour in the U.S. (Fite & Reese, 1959; Harris, 1961; Jones, 1956). Relevant legislation included the Norris-LaGuardia Act (1932), the National Industrial Recovery Act (1933) and the National Labor Relations Act (1935). Of these, perhaps the most significant piece of legislation was the National Labor Relations Act (1935), commonly referred to as the "Wagner Act"

[9] By November 1932, the number of unemployed was estimated to run between eleven and seventeen million, a total which amounted roughly to one-third of the nation's wage earners (Rayback, 1959).

(Faulkner, 1943). The essence of the Act was that free collective bargaining between "accredited" representatives of employees and employers should be allowed. The law did not require that an agreement be obtained, but only that collective bargaining be attempted without intimidation and coercion of employees who were exercising their right to join a union (Burtt, 1979). This legislative change was based on the belief that there was an unequal employment relationship in place that resulted in poor treatment of the workers and that recognition of the right of workers to have a legitimate voice would most likely promote industrial peace (Burtt, 1979; Dulebohn et al., 1995).

The Wagner Act provided for the establishment of a new National Labor Relations Board of three experts empowered to supervise and enforce the principle that employees had the right to 'self-organise' and bargain collectively through a representative of their choice (Rayback, 1959). General interference with the rights of workers was disallowed[10] (Burtt, 1979). Accordingly, the strength of the unions grew in the U.S. and exerted a major influence within general business operations.

The labor legislation put in place during the 1930s meant that industrial relations became a dominant management concern. As well as elevating the profile of industrial relations over personnel management matters, the increase in union activity also had an impact on the work that was actually performed within the personnel function itself. Many of the tasks encompassed within the personnel role, for example, came under union scrutiny. The range of union involvement spanned such

[10] This covered any anti-union activity such as the use of professional spies, bribery, violence and strikebreaking. The Act also dealt with the unfair practice of organisational domination of a union through financial contributions to its treasury. Other listed unfair practices included worker discharge for union activity or discrimination against a worker for appearing before the Board (Burtt, 1979).

areas as recruitment, the preparation of job descriptions and implementation of job evaluation, through to merit-rating programs and promotion planning (Ling, 1965).

With the onset of World War II, although the unions continued to exert substantial influence, the U.S. government acted as a visible force in labor relations developments. During World War II, the War Production Board (WPB), War Labor Board (WLB) and War Manpower Commission (WMC) engaged in unprecedented government manipulation of labor markets, union activities and personnel management practices (Baron, Dobbin & Jennings, 1986). Personnel departments were called upon to provide detailed organisational records about the number of employees needed and a rationale for the work performed. Union activity was also significantly affected and union activists set about making sure that the gains that had been made in the pre-war period would not be eroded with the onset of war.

Specifically unions were concerned with representation on government bodies, union security, and a fair relationship between wages and prices in the rigidly controlled war economy. Consequently, labor representatives were appointed to the WPB, the Office of Civil Defense, the Office of Price Administration, the Office of Economic Stabilization and the WMC (Dulles, 1966). The issue of union security was met with the adoption of the principle of "maintenance of membership" where employees who were already members of a union had to retain their membership for the duration of their contract (Ling, 1965). Finally, in an attempt to deal with wage increase requirements, the War Labor Board adopted a "Little Steel Formula" under which wage increases were allowed only when the wage rates had not increased in line with the Consumer Price Index. In return for this government intervention, unions agreed

to a no–strike pledge for the duration of the War. The agreements that had been entered into did not, however, curb union activity. Union membership expanded from 9 million in 1939 to 14.8 million in 1945 and strike activity still occurred although the disputes were dealt with quickly (Dulles, 1966; Harris, 1961). Overall, the war tempered industrial dispute activity but interest in unionism continued to rise and industrial relations remained a management priority.

Government intervention during the War also had a dramatic impact on the personnel department and led to increases in the size and presence of the function (Dulebohn et al., 1995; Ling, 1965). Baron et al. (1986) have reported that the percentage of firms having a personnel department, across a broad selection of industries, increased from 47% in 1939 to 75% in 1946. Much of the increase in activity was connected with government plans to reduce worker turnover and wage competition. The War Production Board, for example, set down standardised employment conditions in volatile industries such as shipbuilding to disallow sites from competing for labor by offering more attractive work conditions. Other procedures that were put in place to ensure that critical industries had the necessary labor meant that employers were forced to justify their labor needs with respect to other local employers and more importantly, in relation to all U.S. industry. These plans put great pressure on firms to expand the personnel department in order to deal with the new recording requirements. Companies without a competent personnel department struggled to justify their labor requirements and risked the loss of valuable employees. Those firms that had previously not had a personnel department, quickly moved to install one.

Within this supportive environment the personnel function flourished. Expanding bureaucratic demands included employment and turnover records, rating and salary classification systems, job analysis and evaluation techniques and details about skill and manpower needs[11]. Overall, Personnel became an essential function in the interpretation of government guidelines and the co-ordination of a scarce workforce. Organisations were coming to recognise the value associated with tight administration of the work force and the priority no longer became whether or not to have a personnel department but rather, how best to operate that department (Jacoby, 1985).

In the post-war period, personnel specialists feared the loss of the substantive recognition that they had been given during the war years. Consequently, they emphasised their skill in selection and evaluation procedures in a labor market characterised by an excess of workers, many of whom were effected by the trauma of war. Whilst personnel struggled to maintain its profile within the organisation, labor relations continued to dominate management concerns. The increase in manpower levels after the war threatened labor's bargaining ability and strike activity increased. The post-war strikes in the steel and coal industries, on the railways and in the automobile industry contributed to a growing anti-union sentiment (Dulles, 1966). In response, the Labor Management Act of 1947[12], was passed in an attempt to limit the growing power of the unions. The Act outlawed the closed shop, jurisdictional strikes, sympathy strikes, strikes by federal employees and secondary boycotts. The refusal of a union to bargain and coercion of an employee to join a union were

[11] The government required firms to file 'manning tables', for example, and encouraged the use of terminology in line with the new *Dictionary of Occupational Titles (DOT)*. Thus the government encouraged the formalisation of work roles and the standardisation of job definitions across industries (Baron et al. 1986).

[12] This legislation is also known as the Taft-Hartley Act.

similarly considered to be unfair practices. The law also required unions to give a 60 day notice of contract termination or modification and no strikes were permitted during that period. The U.S. government was also authorised to obtain an 80 day injunction against any strike threatening public health and safety (Burtt, 1979; Fite & Reese, 1959; Yoder, 1962). Burtt (1979) has suggested that although critics at the time argued that the legislation was excessively legalistic, supporters of the new Act defended the new controls over unions with the argument that it brought better balance in bargaining power between labour and management.

Despite the legislative brake on union activity, labor relations remained a dominant management concern. Indeed, with respect to the interplay between industrial relations and personnel management, scholars after World War II acknowledged the dominance of industrial relations by grouping interdisciplinary areas associated with employee matters under the heading of industrial relations. This broad heading combined elements of labor market analysis, labor relations and personnel administration (Mahoney & Deckop, 1986). Yoder (1962) distinguished two areas in the title of a text, *Personnel Management and Industrial Relations,* yet within the introduction to the text, the concentration was on industrial relations matters. In general, Mahoney and Deckop (1986) have observed that even though chapters in industrial relations texts were dedicated to personnel matters, the themes that were covered such as recruitment or training, were largely disconnected, with no apparent rationale for their ordering. Consequently these writers have observed that personnel administration in the 1950s was a collection of administrative tasks that "...lacked cohesion of objective and theory" (Mahoney & Deckop, 1986: p. 225).

Around 1960, however, there was a renewed interest in issues connected with the effective management of the workforce. Legislation that was passed at the time in the United States prompted greater interest in employee morale, worker satisfaction and the quality of worklife. The Civil Rights Act of 1964, for example, made it illegal to discriminate on the basis of race, colour, religion, gender or national origin. The Occupational Safety and Health Act of 1970 promoted greater safety in the work place and the Employee Retirement Income Security Act of 1974 increased the regulation of pensions and benefits (Burtt, 1979; Dulebohn et al., 1995; Janger, 1977). As well as substantially enhancing the psychological and physiological aspects of work, this legislation represented a growing view that human resources were actually assets to be nurtured rather than liabilities.

Indeed, by the 1970's, personnel management issues were beginning to take precedence over industrial relations matters. A number of factors contributed to this change in emphasis. There was a decline in manufacturing employment, for example, that had been a stronghold for union membership. This was accompanied by a general decline in private sector union membership. Also, due to the strong position held by the unions for such a substantial period of time, many of the terms and conditions that had previously been raised by the unions had been agreed to and were supported by government regulations (Dulebohn et al., 1995). Accordingly, industrial relations matters no longer dominated management's concerns. Personnel, on the other hand, offered some insights into the problems of increasing levels of global competition. Personnel, for example, could offer the necessary expertise to link the skills and capabilities of the workforce with more effective competition. In a research report of the Conference Board, complied in 1977, Janger made the comment that the

dominance of personnel activities such as staffing and manpower planning reflected the insight by top management that "...total organizational performance – which in business means profitability- is, to a significant degree, human performance" (1977: p. 35). In other words it was becoming clear to management that the personnel function could make a substantial contribution to overall organisational profitability.

The Challenges Faced by the Personnel Function in the 1970s

From the discussion so far, it is clear that the personnel function has evolved in direct response to economic events and the challenges raised within the industrial environment. The First World War, for example, and the phenomenal growth of the manufacturing sector prompted the replacement of welfare secretaries with employment managers and a substantial change in focus from employee well-being to profit and scientific efficiency. During that period, organisations were faced with labour shortages and as a result, came to see the value of a separate function dedicated to personnel management matters. Consequently, many of the tasks associated with the monitoring of employees were centralised and personnel management specialists came to be viewed as effective administrators of these systems. The Depression temporarily froze the activities of the personnel department but the Second World War brought renewed interest in personnel activities. Nevertheless, union issues ultimately dominated management's concerns and although the personnel department had a clear functional position within the organisational hierarchy, personnel management matters were carried out in a largely reactionary and fragmented manner. By the 1970s, however, changes in the economic environment raised awareness of the importance of people as a major source of competitive advantage and the personnel department, and its associated tasks, came under close critical scrutiny.

Throughout its history personnel management had reinvented itself numerous times in response to demands from the industrial environmental and the outcome was a function that combined eclectic elements of welfare work, scientific management, industrial psychology, human relations and industrial relations. Personnel specialists were expected to have some vague appreciation of these areas but their real specialism remained undefined and the result was a function that was largely concerned with time-consuming, administrative detail. At the time Foulkes (1975) claimed that the personnel function lacked status and accordingly attracted "...low-level, untrained people" (1975: p. 72). There was a very strong perception by management, for example, that Personnel showed a decided lack of interest in basic financial information about the company. Foulkes noted that in survey work, Personnel directors knew the number of employees in the company but could not state the dollar volume of sales or the profit generated. The lack of clarity associated with personnel management work was reinforced by perceptions that the personnel specialist was 'the man in the middle', caught between management and the worker and not really one nor the other (Watson, 1977: p. 175).

The Emergence of the Contemporary HR Function

By the end of the 1970s, global competition had intensified and organisations began to consider the value of investments in human resources as a major source of competitive advantage (Dyer & Reeves, 1995; Hendry & Pettigrew, 1990; Legge, 1995; Ulrich & Lake, 1990). American managers, for example, noted the collaborative relationship developed in Japan between management and labour and the positive results of such an approach (Beer et al., 1984; Fombrun, Tichy, &

Devanna, 1984; Nonaka, 1992; Tichy, Fombrun & Devanna, 1982). It became apparent that 'human resources may offer the best opportunity for management to improve competitiveness' (Beer et al., 1984: p. viii).

In response to these pressures, an analysis and review of the role and structure of the personnel function began in earnest and a new course was developed in Human Resource Management at the Harvard Business School in the early 1980s. The conceptual view of HRM as proposed at the time by Beer et al. (1984) is outlined in Figure 2.1.

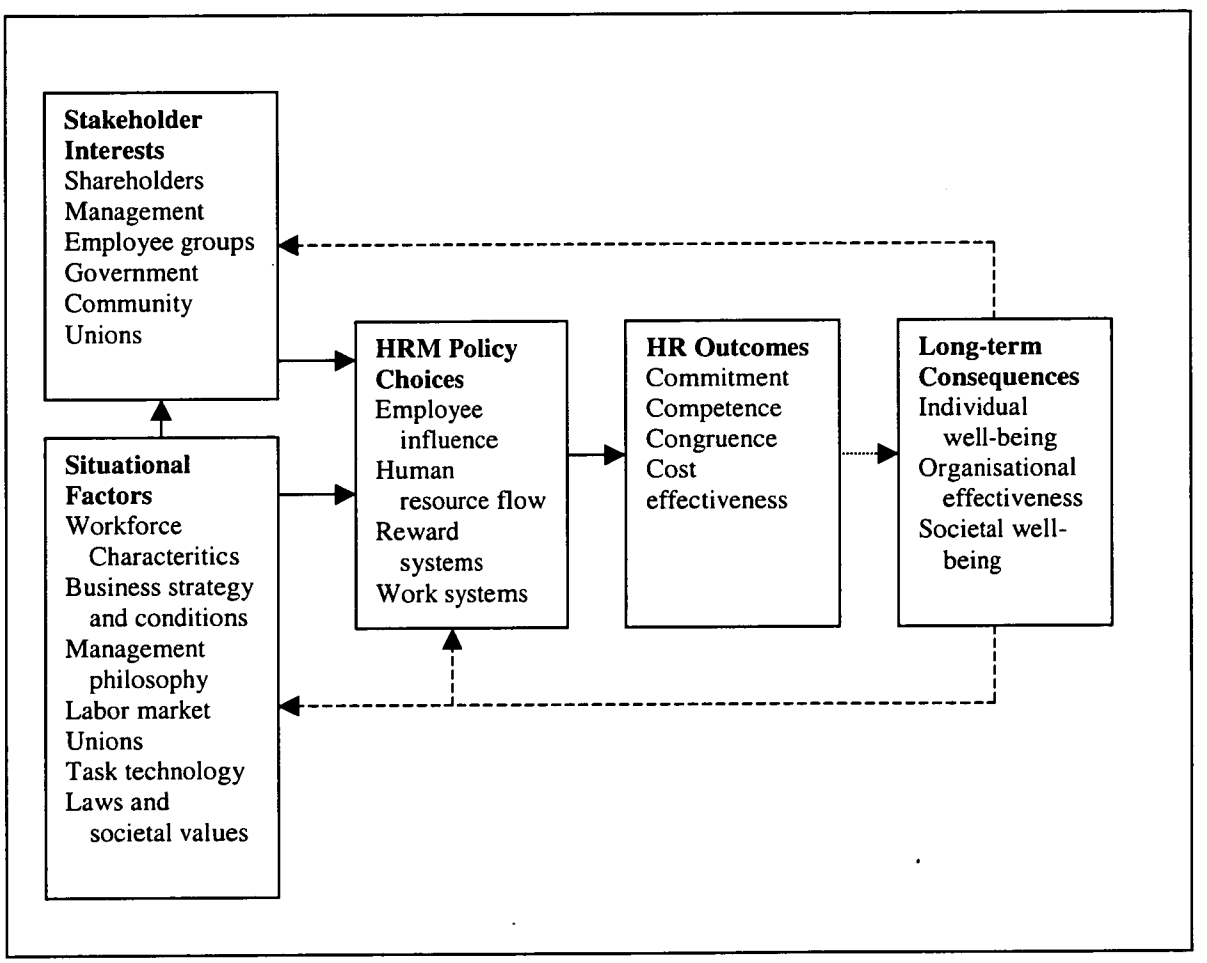

Figure 2.1 The Harvard Analytical Framework for HRM
(Source: Beer, M., Spector, B., Lawrence, P.R., Mills, D. Q. & Walton, R. E. (1984). *Managing Human Assets*. New York: Free Press, at p. 16).

The authors have described the ideas presented as a 'broad causal mapping of the determinants and consequences of HRM policies' (1984: p.15). The HRM map shows that HRM policies are influenced by two major considerations: situational variables and stakeholder interests, both of which may act as constraints on the degree of implementation of HRM policies. The outcomes of these policies, the 'four Cs', are commitment, competence, congruence and cost-effectiveness. These, in turn, have long-term consequences for individual well-being, organisational effectiveness and societal well-being. Beer et al. (1984) have described the ideas presented as a map of the key factors: they do not prescribe universal truths about what makes for good HRM but rather identify the many factors and stakeholders that influence and are influenced by HRM. The end point is the long-term well-being of the enterprise, society and employees, not just the enterprise.

Walton (1985) reinforced these ideas and wrote of the benefits of a truly committed workforce. The 'commitment' strategy relied on broader job design, extended responsibilities for workers, job security, less adversarial employee relations and the possibilities of compensation policies that encouraged worker involvement such as gain sharing and profit sharing. These changes in attitude to the role of people in the organisation were based on the belief that "...eliciting employee commitment will lead to enhanced performance" (Walton, 1985: p. 80). Walton has explained:

> In the absence of genuine commitment, however, new management policies designed for a committed work force may well leave a company distinctly more vulnerable than would older policies based on the control approach (1985: p. 80).

The clear warning here is that if an organisation is to take on this new approach, it must be genuine in its efforts and truly committed to the well-being of the workforce.

Another key feature of the Harvard approach is the involvement of general managers in the development of HRM policies (Boxall & Dowling, 1990). Beer et al. (1984) have argued that HRM involves all management decisions and actions that affect the nature of the relationship between the organisation and employees - its human resources. The idea of HRM then was not attached to a particular department within an organisation that happened to have HRM in its title but rather to an organisation-wide attitude to work processes. This requires the full support of management and the understanding that every decision made in organisations that affects employees, is an HRM decision.

Finally, the Harvard approach has stressed the strategic nature of HRM. First, human resource strategy should be integrated with the business strategy and be in line with stakeholder interests and environmental factors and second, the major HRM policy areas should consistently reinforce the human resource strategy (Boxall & Dowling, 1990). In short, the strategic character of HRM should ensure that it is in line with business strategy and is presented as a unified, coherent package.

In summary, the Harvard approach to HRM represented a major departure from the previously disjointed approach to personnel management. The mapping proposed by Beer et al. (1984) took a broad view of the situational variables that constrain HRM policy and the stakeholders who affect, and are affected by, HRM initiatives. This broader perspective also demanded management recognition, support and ownership of HRM and the full integration of HRM concerns into business planning.

This strategic theme was reinforced by other writers who were similarly keen to discuss a redefinition of the HRM role. Tichy et al. (1982) and Fombrun et al. (1984), for example, suggested that there were four key HRM areas; selection, appraisal, rewards and development. Careful integration and planning of these areas to fit with organisational strategy and structure was predicted to improve performance. This would not happen, however, unless policy issues within each HRM area were strongly interconnected with each other and of course integrated with the strategic thrust of the firm. This represented a significant move away from the piecemeal approach to personnel management that had previously been in place (Dyer & Holder, 1988).

When comparing the Harvard approach with the ideas of Tichy et al. (1982) and Fombrun et al. (1984) above, Blyton and Turnbull (1992) have suggested that the latter writers present a more unitarist perspective that supports managerialist views. The Harvard approach, on the other hand, draws strongly from the human relations school. The emphasis on communication, teamwork and recognition of individual talents aligns with 'developmental humanism' (Blyton & Turnbull, 1992: p 4).

Hendry and Pettigrew (1990) have also compared the two approaches and have argued that Fombrun et al. (1984) were firmly committed to a strategic management focus whereas the map presented by Beer et al. (1984) was, as mentioned above, written in the human relations tradition. In Fombrun et al.'s discussion of culture, for example, there was no reference to the people who actually worked within the organisation, 'people tended to get excised from the equation' (Hendry & Pettigrew 1990: p. 23). The Harvard authors, on the other hand, had people at the heart of their description.

This early difference in emphasis is worth noting because similar themes continue to appear within the current debates around the role of HRM. There is concern, for example, about the possible incompatibility between the 'hard' and 'soft' versions of HRM (Storey, 1989) where the *soft* version of HRM recognises the importance of employee commitment and fosters this capacity through communication, motivation and leadership. The *hard* version, by contrast, focuses on the size and costs associated with the workforce and the resultant importance of alignment with business strategy and business needs. Despite the unified verbal commitment to employee-employer goals under the soft version, the realities posed by a highly competitive business environment and a strong alignment with business strategy may ameliorate genuine concern for worker well-being.

Summary and Conclusions

It is clear that historical events, centred on industrial change and economic development, have largely determined the growth and organisational position of the personnel function. The industrial revolution and the subsequent radical changes in the employment relationship created a need for intervention in the management of employees that had not really been necessary up until that time. Adverse factory conditions, for example, prompted the growth of welfare secretaries who acted as 'acolytes of benevolence', protecting and monitoring the stresses experienced by workers.

Despite the eventual demise of the welfare secretary, the presence of this group marked the genesis of the personnel function as an enduring presence within

organisational life. Welfare secretaries were phased out but they were replaced with employment managers who were better equipped to deal with the phenomenal growth of the manufacturing sector and the change in focus from employee well-being to profit and scientific efficiency. The success of this group as administrators consolidated the position of personnel specialists within the organisational structure. A downturn in the economy after WW1, however, prompted an interest in union activity and this introduced another major influence on the development of the personnel function. Many personnel management tasks came under union scrutiny as unions became involved in the design and development of the full range of personnel management policies and practices. The emphasis on industrial relations eventually faded in the 1970s when the economic environment forced yet another redefinition of personnel management activities and it was the change in direction that occurred at that time that continues to dominate current discussions about the role of the personnel function. Stronger international and domestic competitive forces prompted a re-think of the value of human resources in the 1980s. Writers of the period such as Beer et al. (1984), Tichy et al. (1982), Fombrun et al. (1984), Walton (1985) and Dyer and Holder (1988), encouraged a complete revision of the HR function. Key features of the more proactive HRM approach included integration of HRM policy areas and enhancement of the strategic importance of HRM within the organisation.

Up until the 1980s, personnel management activities were largely developed in reaction to economic developments. Welfare secretaries, employment managers, personnel specialists and industrial relations advisers, all responded to directions from management and provided specialist advice. Competitive conditions of the 1980s, however, demanded much more from the personnel function. For those working

within the function, there has been a need to collectively present a new face that is a radical departure from previous roles. Past concerns with welfare, efficiency, administration and industrial activity form the skill base of most of those actually working in the personnel management area but the demands of this transition have meant that they cannot simply add another skill to the existing set; the revised strategic outlook actually requires change in focus and perspective. This struggle to understand and fully accept this new mindset will be a theme that will be further explored in subsequent chapters.

The following chapter considers whether the personnel management and HRM challenges that have been described in this chapter apply to the Australian setting. The argument that will be developed is that the range of influences that have been present in the U.S. and in Britain have indeed had an impact on Australian organisations with the result that the Australian experience has likewise been characterised by both a frustration with the fragmented role of a personnel function as well as concern over the series of challenges brought on by the transition to HRM.

Chapter 3
A History of Human Resource Management in Australia

Objective of this Chapter

The objective of this chapter is to trace the historical evolution of the personnel management and HRM in Australia. Specifically, the discussion will review whether the economic factors and management trends that were influential in the development of HR function in the U.S. and in Britain have had a similar impact in Australia. This will enable a point of comparison with the U.S. and British literature in the discussion of generic HRM issues and problems.

Introduction

In the previous chapter, it was argued that major changes in the structure and size of the personnel function in North America occurred in response to economic changes, the pressures of war and more recently to international competition. In Australia, these events similarly influenced the progress of the personnel function in organisations. The shift from a focus on welfare to a greater concern about efficiency, for example, was largely driven by war demands and the push to increase productivity.

The major differences between the evolution of the personnel function in Australia and elsewhere relate to the timing of developments. The Australian economy was not sufficiently robust enough to support a mature industry base until after World War II. This meant that experimentation with some of the forms of labour management that were occurring in the U. S. and in Europe were adopted by only a small number of Australian employers prior to that time

and the vast majority of employers relied instead on the role of the supervisor to control and motivate the workforce (Wright, 1995). As a result, the evolution of personnel management practices and the recognition of a professional body responsible for personnel management matters, lagged behind developments elsewhere in the world. In North America, for example, the National Employment Managers' Association, the professional body representing those involved in personnel management matters, was formed in 1917, yet a similar professional group in Australia did not form until 1943 (Dulebohn et al., 1995; Smart & Pontifex, 1993). An early development in the influences on the employment relationship in Australia, however, was the emergence of industrial disputes and the rapid growth of the union movement in the late 1800s (Davis & Lansbury, 1993).

Regardless of these timing differences, the personnel function in Australia has been affected by influences similar to those that occurred in the U.S. and in Britain: the welfare movement, scientific management and a concern with efficiency, unionism, human relations and strategic planning. It is also clear that the difficulties encountered in the U.S. and in Britain in moving away from a personnel management approach towards a more strategic business partner role, are evident in Australia (Collins, 1987; Kramar, 1992). The chapter that follows will detail the events in Australia's industrial expansion that have prompted changes to the personnel function and it will explore the specific difficulties that have occurred in the move towards a strategic HRM position. This will help to clarify, in subsequent discussions, the relevance of the HRM

developments in the U.S. and in Britain to the Australian context, as well as distinguishing any points of departure peculiar to the Australian experience.

Settlement, Growth and the Employment Relationship

In 1788, at the time of the industrial revolution when the free employment relationship was being set up between employers and employees in Britain, Australia was founded as a British penal colony. Accordingly, the primary source of labour was drawn from the convict population and the employment relationship was necessarily coercive. The colonial governors exerted great control and were fully involved in deciding who performed which tasks. Manning Clark (1969) has provided the following clear description of the administration of affairs in the colony at the time:

> It was a government designed to ensure law and order and subordination by terror, a government designed for men living in servitude rather than for free men (1969: p. 23).

Naturally enough the early pre-occupation of the labour force was the provision of food. Once settlement was made, and confusion was replaced with a system of order, "...the real business began: to use the labour of the convicts to provide food for the settlement as well as a punishment for their crimes" (Clark, 1969: p. 29).

The issue of providing food was a pressing one. Hughes (1988: p. 96) has described hunger as the first democratic experience in Australia – the 'hateful equaliser' spared no one. Once the hunger crisis abated, the need to become self-sustaining coupled with ready access to land, meant that the colony quickly

became an agrarian society. The colonial governors, however, retained great control over labour and intervened directly in regulating wages and disputes between masters and workers (Gardner & Palmer, 1992; Patmore, 1991).

Gradually, the increasing proportion of free settlers lessened the control of the colonial authorities and in 1823, New South Wales (N.S.W.), which had hitherto been treated as a penitentiary for convicts, was proclaimed by the British government to be a British colony[13]. At this time, a growing group of settlers and merchants were beginning to establish substantial economic, social and political power (Clark, 1969). As employers, this group lobbied for legislation that strengthened the employers' power base. The N.S.W. Masters and Servants Act of 1828, for example, ensured that workers who failed to complete their jobs or damaged their master's property could face a gaol sentence. Employees could also charge employers with ill-treatment but the penalty was only a fine and not imprisonment. Even though the legislation followed the style of the British law, it was considered to be more harsh and biased towards the rights of the employer. Indeed the British Secretary of State disallowed the first state-based Masters and Servants Acts on the grounds that they favoured the employer and as such offended the British sense of justice (Gardner & Palmer, 1992; Patmore, 1991).

[13] In 1820, in N.S.W., there were 24,000 persons, of whom 1,307 had come free, 1,495 were born in the colony, 1,589 had received absolute pardons, 962 conditional pardons, 3,255 were time expirees, 1,422 had tickets of leave, 9,451 were serving as convicts and nearly 6,000 were children. At this time, with less than half of the population serving as convicts, it was inevitable that the authorities had to develop policies that favoured the free population (Shaw, 1980).

Despite legislative provisions favouring employers, investment in the colony was slow. The British government tried to generate investor confidence in Australia by offering land grants to people with capital, and assigning convict labour to help construct needed infrastructure. Eventually local investors gradually developed enough confidence to pool their funds in joint stock companies and provide capital for economic expansion. Local capitalists formed the Bank of N.S.W. with government assistance[14] in 1817 and the Australian Gas Light Company in 1837 (Patmore, 1991).

It was the gold rush of 1850[15], however, that marked a turning point in capital development in Australia: an *annus mirabilis* according to Walsh (1963: p. 50). Up until the 1850s Australia was primarily an agricultural economy, supported by convict labour and dominated by British colonial rule. The gold rush sparked an economic boom that broadened the developed sectors of the economy and saw the end of transportation with the last convicts arriving in Van Diemen's Land (later named Tasmania) in 1853 (Clark, 1969; Ebbels, 1960).

[14] As well as supporting the establishment of the bank, the Governor at the time, Governor Macquarie, also set out to address the inadequate currency problem. In the absence of sufficient currency, imports, private 'I.O.U's', Government promissory notes, and even rum had served as money. In response, Macquarie established a 'token' currency from dollars imported from India and Mexico (Shaw, 1980).

[15] In 1851, E. H. Hargraves returned to Sydney from the Californian gold-fields with the belief that the geological formations that he had seen in California were similar to those he had seen in N.S.W. With the help of a bushman named Lister, he set out down the Macquarie river, followed one of its tributaries, dug a panful of earth, washed it in a waterhole and exclaimed "Here it is". The discovery was announced in the *Sydney Morning Herald* on 15 May, 1851 (Clark, 1969).

With the end of transportation and the promise of wealth from gold, immigrants flocked to Australia. The population trebled in the 1850s and trebled again over the next three decades (Patmore, 1991). The increase in wealth, generated by the gold rush, encouraged the expansion and increased the range of sectors in the economy (Walsh, 1963). Mining, pastoralism, agriculture, building and construction, transportation and manufacturing all developed with the growth in the economy[16]. The scale of most enterprises remained small, however, with the average number of employees in factories in 1871 in Victoria being 10.8 (Gardner & Palmer, 1992: p. 43). Nevertheless, industrialisation was in place and the employer-employee relationship was no longer based on the coercion that characterised the early penal colony. These changes, brought to the fore employer and employee issues that had previously been irrelevant within the convict system. A concern about employee welfare, for example, became topical as well as the issue of worker unrest and the growth of unionism.

A Concern with Welfare and the Growth of Unions

Prior to the abolition of transportation, the experience of convicts working in factories was far from comfortable. For the convict women who worked in the Female Factories, "Life ...was a vegetative misery for all who led it" (Hughes, 1988: p. 263). The end of transportation radically reduced the abusive and squalid conditions that faced those working in factories and some of the larger employers actively set about enhancing the welfare of employees. The N.S.W. Railways, for example, established social clubs and sickness funds for

[16] Within the manufacturing sector, for example, factory employment was estimated to have increased from 5,340 in 1861 to 58,639 in 1890 – 91 (Patmore, 1991: pp. 45-46).

employees as well as opening a library and providing classes on technical subjects. The management of the Lithgow Ironworks in N.S.W. similarly set out to assist workers and provided advice on house designs, sold land cheaply to workers and gave personal guarantees for employee bank loans (Patmore, 1991).

At the turn of the century the city department stores, which were amongst the largest employers in Sydney, also supported a welfare approach. The welfare system in place in these establishments drew heavily from a paternalistic model where the:

> ...employer perceived his role as the stern but charitable head of the drapery household entitled to the filial devotion and gratitude of his employees (Reekie, 1987: p. 4).

The guise of welfarism allowed the employers to exert considerable control and discipline that extended into employees' private lives. Extensive rules and regulations were strongly enforced and the live-in apprenticeship system allowed for close supervision off duty, whilst at work, the shopwalker acted as a powerful presence who maintained close control over the behaviour of the workers.

These systems of control were tempered with rewards for dedicated service. An *ad hoc* system of individually tailored special payments for retirement, illness and bonuses for good work, kept employees loyal. The tightly controlled system worked very well and was a clear demonstration of the success of Mayo's principle of humanising industry by attending to the physical and

mental health of workers. "A contented and healthy workforce, it was argued, was also a more productive one" (Wright, 1995: p. 21).

The expected result of harmonious labour relations was definitely realised. Open conflict between shop owners and sales staff was very rare (Reekie, 1987). Indeed many of the stores were seen to be the protectors of solid values, especially when it came to the treatment of women. The Young Women's Christian Association, for example, fully supported welfare schemes for women workers and the placement of women welfare workers after 1922 (Reekie, 1987).

Elsewhere in the economy however workers were less willing to rely on the paternalistic benevolence of employers and set out to take a much more active role in the design of working conditions. The British immigrants, who came to the Australian colonies at the time of the gold rush, brought with them extensive experience in the organisation of labour and a strong desire to avoid the oppressive working conditions that had followed the industrial revolution. "Four British generations had known acute unemployment, deadening hours of work, fatigue, accidents, disasters, hunger and tyranny" (Hagan, 1983: p. 30). This group of immigrants were determined that working conditions in their new home would be different and the sound economic development in Australia in the 1850s coupled with a scarce labour supply and high wages provided the right environment for these immigrants to realise their ambition (Plowman & Ford, 1983). Hagan has noted:

> Verily, it seemed that the immigrant working man was about to enter into his paradise in the Australian colonies. It became the trade union movement's duty to ensure that this chance at paradise was not lost...(1983: p. 31).

Early evidence of labour movement activity included temporary combinations of employees at the N.S.W. Government Railways in 1857 who protested over rates of pay, hours and the irregular payment of wages (Patmore, 1991). It was the successful eight-hour day campaign, however, initiated by stone masons in Sydney in 1856, that actually strengthened the presence and organisation of a union base[17] (Ebbels, 1960). A similar campaign achieved the same result in Melbourne and soon spread from the masons to other sectors of the building industry. Although the maintenance of the eight hour day was not without some employer resistance, the campaign provided an incentive for workers to organise trade unions and encouraged different trades to co-operate to achieve a common objective (Patmore, 1991).

The stable growth of the economy from the 1860s through to the 1890s[18] continued to support the development of a union movement. The demand for workers was ensured through the wealth introduced by the gold rushes and the resultant development of a range of industry areas. In the period between 1861

[17] Because of the generally high level of wages following the gold rush in Australia, campaigns for the improvement of working conditions took precedence over wage issues (Ebbels, 1960).

[18] The decade of the 1880s, for example, was a period of particularly strong growth. The population of Australia rose from about 2 ¼ million in 1880 to just under 3 ¼ million in 1891. Overseas trade was strong with exports of about £22 million a year with a peak of £36 million in 1891. The rapid borrowing and spending by the government led to the establishment of a large number of banks: in 1893 there were 22 banking institutions. Coombs has described the banking offices at the time to be "... as plentiful as tabby cats" (Coombs, 1969: p. 71). The demand for suburban housing also grew and land prices soared. 'Picnic sales' of land were common at the time where free transport to the site was provided, a champagne lunch was served, and paddocks which had been bought for a low price were sold at high prices as residential allotments (Coombs, 1969: p. 73).

and 1891, although there were minor downturns in the economy, it was common for men, skilled and unskilled, to reach middle age without being unemployed (Hagan, 1983). Unionism spread to coal miners, transport workers, factory workers and the pastoral industry. Shearers, for example, formed unions because they worked in large groups and some had had experience working as miners in the off-season.

The formation of central trade union bodies consolidated the position of unions with the establishment of the Melbourne Trades Hall Council (THC) in 1856 and the Sydney Trades and Labor Council (TLC) in 1871. As well as being central trade union bodies and acting as conciliators when a trade union member became involved in a dispute with an employer[19], the TLC also successfully sponsored a parliamentary candidate, Angus Cameron, in an attempt to develop legislation that favoured trade union activity (Dabscheck & Niland, 1981). Overall unionism in Australia at the end of the 1880s was well established. Fitzpatrick (1968) has described the unions as a closely knit, competently managed group of federal unions established over a wide range of areas. He has noted:

> At the height of their power, in 1889, they could spare the great sum of £30,000, a gift to their comrades on strike in England. They had reached the colonial legislatures and obtained labor legislation. They had federal industrial unions and they had labor councils in which unions of various trades were associated (1968: p. 111).

[19] Between 1871 and 1894 the TLC was concerned with not less than 110 strikes concerning campaigns of its members (Dabscheck & Niland, 1981).

The events of 1890 –1894 however proved a major challenge to the trade union movement that had, up until then, advanced from victory to victory. The main reason for a shift in the union power was a decline in economic conditions. The speculative land boom that had characterised the 1880s and the general increase in industrial development could not be sustained. In 1888 some of the older banks became more cautious in their lending and their example led all banks to refuse further advances. The interest rate on advances was subsequently raised and considerable stringency was introduced into the Australian money market. At once, land and building companies were in trouble and were unable to meet the interest payments. This situation was exacerbated when British banks, that had been a reliable and abundant source of capital, lost confidence in Australia as a source of investment[20] (Coombs, 1969; Sinclair, 1969).

The change in economic conditions brought about a change in the employer response to union demands and union activity. Fitzpatrick has noted:

> this was the time at which, a long period of prosperity having unmistakably closed, capitalists decided that the time for making concessions to the unions had closed also. It would be more profitable to show the unions, 'once and for all', who owned Australia, than to leave that question in the background, as had seemed prudent while profits were mounted and an occasional concession of better wages and conditions could be afforded (1968, p. 113).

The unions reacted strongly to the growing employer resistance and as a result a series of widescale strikes began. The Maritime Strike in 1890, the first of the Great Strikes of 1890-94, arose because the shipowners refused to allow the

[20] The decline in the confidence of London investors was brought on by the failure of another capital-importing country, Argentina, and also by the fall of the great finance house of Baring (Coombs, 1969).

Marine Officers' Association to become affiliated to the Melbourne Trades Hall Council. The cause of the Marine Officer's Association was immediately taken up by the seamen and watersiders and in September 16,000 shearers also came out in support of the marine officers. This was then followed by miners, transport and public utility workers. In both Melbourne and Sydney, Labor Defence Committees were established to direct the strikes and financial assistance was provided by other unions and from the general public[21] (Ebbels, 1960).

The shipowner's attitude that had prompted the strike had been a challenge to the principle of free trade unionism (Ebbels, 1960). This issue arose again in 1891 during the shearers' dispute in Queensland and in 1892 during the miners' dispute at Broken Hill when the employers challenged the principle of 'freedom of contract', that is, the refusal of the employers to recognise the authority of the unions to bargain collectively for the wages and conditions of work of employees (Turner, 1965: p. 14). The final union effort came in July 1894 when the Queensland shearers again went out on strike over the pastoralists' attempts to enforce a new 'station' form of agreement. By this time the conflict between the unions and employers had intensified and the confrontations were increasingly characterised by violence. In response the Queensland government brought down a Peace Preservation Bill that effectively supported the pastoralists with police intervention and the assignment of prison sentences for some of the unionists (Fitzpatrick, 1968).

[21] £72,000 was received and administered by the two committees during the twelve weeks of the strike.

The shearer's strike was broken in September by non-union labour and the confidence of the unions was shattered. Throughout Australia trade unions were confronted with defeat and temporarily went into decline. An upswing in the economy in the late 1890s however brought encouragement to the workers to regroup and the unions gradually regained strength.[22] The grim experience of the 1890s however, had taught those involved in the union movement that direct strike action alone was not enough to secure on-going favourable working conditions: strong political representation was also necessary (Fitzpatrick, 1968). The Australian Labor Party (ALP), that had initially begun in 1891[23], became the focus for political representation and by 1900 there was substantial Labor representation in the parliaments of N.S.W., Victoria, Queensland and South Australia (Turner, 1965).

The city-based craft unions were concerned to use the parliament to insulate themselves against the disastrous consequences of mass strikes and considered conciliation and arbitration as a sound substitute for strike action (Turner, 1965). The first legislation to incorporate the trade union goal of compulsory arbitration was the N.S.W. Arbitration Act of 1901. In N.S.W. the Labor party held the balance of power and were consequently able to ensure the successful passage of the legislation (Hagan, 1989). The Act established a tribunal, to be

[11] The Australian Workers' Union gained 5,000 members in 1900 and several unions were able to negotiate improved working conditions including Sydney carpenters, the coal miners and construction workers (Turner, 1965).

[23] The formation of the ALP came out of a decision to make the Australian Labor Federation, a Queensland body, an all-Australian organisation. The N.S.W. Labor Electoral League adopted the first Labor Platform to be endorsed by all Labor candidates for election as members of the Legislative Assembly of N.S.W. (Fitzpatrick, 1968).

presided over by a judge of the Supreme Court, with power to hear industrial disputes (Turner, 1965).

The government of the newly-established Commonwealth of Australia[24] also passed a federal Conciliation and Arbitration Act in 1904. Again the Labor party held the balance of power and was able to effect the smooth transition of the Bill (Hagan, 1989)[25]. The establishment of an arbitration system forced employers to recognise unions registered under the Act and these unions were empowered to make claims on behalf of all employees within the industry (Wright, 1995). With this legislation in place, the strength of unions was consolidated and their presence grew such that by 1921, 50% of the Australian workforce was unionised (Davis & Lansbury, 1993).

The Impact of World War 1 on Personnel Practices

From the preceding discussion it is clear that within the Australian context, as in the U.S. and in Britain, welfare and union issues were evident in the early employment relationship. Similarly, the onset of war brought further changes to the labour process. Australia's industrial base expanded as the federal government imposed a wartime blockade on imports in an attempt to curb the reliance on the foreign supply of manufactured goods (Wright, 1995). World War 1 also marked the establishment of heavy industry in Australia with the

[24] The campaign for federation began in 1889 and continued for ten years. Two conventions were held to discuss the possibility, one in 1891 and another in 1897-8. Two referenda were also held in 1898 and 1899 until finally the Australian constitution was completed and agreed to and in 1900 the Imperial Parliament passed the Commonwealth of Australia Act (Shaw, 1980).

[25] It was not until 1908 that the Protection and Free Trade parties in the Commonwealth parliament could resolve their differences to form a single anti-Labor party (Hagan, 1989).

Broken Hill Proprietary Company (BHP) opening its Newcastle steelworks in 1915 (Patmore, 1991). It was at this time that a pre-occupation with efficiency developed. Hagelthorne, the Victorian Commissioner of Public Works, organised seminars on Taylorism as it was considered that there was a link between the initial military success of Germany and its industrial efficiency. The Workers' Education Association (WEA) also supported intellectuals such as Meredith Atkinson and R. F. Irvine who put forward the case for efficiency, and the notion of producing goods in the most economic manner possible (Gardner & Palmer, 1992; Patmore, 1991). In 1915, BHP's Newcastle steel mill made an attempt to integrate the new management ideas from the U.S. as well as actually recruiting supervisors and foremen from the Bethlehem Steel works, in the U.S., to implement scientific management processes. The Pelaco shirt factory similarly experimented with these techniques, introducing time and motion studies and a bonus system for productivity.

There was also some exposure to the ideas put forward by the industrial psychology movement. The University of Sydney sponsored lectures by the industrial psychologist Bernard Muscio, and there was some interest in the testing of individual differences and aptitudes for jobs (Gardner & Palmer, 1992). In general, however, even though there was evidence of the use of scientific management and an interest in industrial psychology, manufacturing operations in Australia were small compared to the giant corporations in the U.S.[26] As a result, organisations simply did not employ personnel specialists in

[26] In 1938-39, for example, the average number of employees in Australian manufacturing establishments was 21.25 (Patmore, 1991).

the same way that the employment managers had been adopted in American organisations (Gardner & Palmer, 1992).

World War II and the Role of the Personnel Specialist

Up until World War II there had been limited interest in formal personnel management. Industrial unrest and union activity focussed attention on wages and conditions and there had been moves to set up welfare-related schemes[27], but the role and presence of a permanent personnel function was rare (Clark, 1992; Dunphy, 1987; Smart & Pontifex, 1993). Before World War II, management in small operations had relied heavily on personal contact to deal with worker-related concerns. In larger organisations with more than fifty employees, it was the supervisors and foremen who assumed a powerful role in personnel management matters. Wright (1995) refers to the style of personnel management adopted by this group as the 'driving' method of supervision that was basically a combination of "...bullying, compulsion and authoritarian rule" (p. 19). Foremen wielded considerable power and it was not uncommon for them "...to scream abuse at workers or apply arbitrary penalties in an effort to increase production". "At the extreme, the driving method relied on the fear of dismissal" (Wright, 1995, p. 19).

Some organisations did develop more systematic approaches to employment practices[28] but it was the increase in economic development, brought on by the

[27] By 1931 76 private establishments had welfare schemes in Australia. The programs included the set up of dining, rest and recreation rooms (53 firms), subsidised clubs and institutes (34 firms) and sick and / or accident funds (21 firms) (Gardner & Palmer, 1992: p. 46).

[28] In the N.S.W. Railways, for example, workers were divided into departments and grades and a complex set of rules and regulations were devised to develop worker standards (Wright, 1995).

demands of war-time production, that really encouraged more organisations to seriously consider new approaches to worker management (Wright, 1995).

Between 1939 and 1944, manufacturing activity escalated, total manufacturing employment increased by 36%, and larger scale corporations became more common (Patmore, 1991; Wall, 1971; Wright, 1995). The substantial increase in the amount of economic activity demanded a sizeable and skilled workforce. The war effort, however, had decreased the availability of male workers. It became clear that the group of suitable people who could complete tasks had to be widened to include retired employees, disabled people, unskilled migrants and female labour. This change in the demographics of the workforce prompted the Australian government to appoint and train welfare specialists to assist in helping people cope with the demands of the workplace (Wall, 1971; Wright, 1991). In 1941 the Commonwealth Department of Labour and National Service established an 'Emergency Training Scheme for Industrial Welfare Officers' in Melbourne and Sydney (Clark, 1992). This course, which was based upon a similar British scheme, consisted of six months full-time study and once trained, the officers were quickly employed in the workplace.

As well as dealing with the pressures brought on by the demographic changes, the newly appointed personnel practitioners were also encouraged to provide suggestions to reduce the complexity of jobs and deal with the demands associated with the rapid expansion of assembly line production. Accordingly,

personnel practitioners turned their attention to the scientific management processes that had been successful in the U.S. (Cochrane, 1985; Gardner & Palmer, 1992; Wall, 1971). Time and motion studies were initiated and a quest for control of the production process began in earnest (Cochrane, 1985). By the end of the war, 150 people had been trained in industrial welfare work and the presence of the personnel management specialist in organisations was established (Wright, 1991).

Personnel in the Post-war Period

In the post-war economic boom the tremendous expansion of secondary industry and the demand for labour continued. Employers accordingly came to realise the value of investing resources in a function that specialised in the management of personnel matters as employers could no longer rely on the threat of employee termination as a form of motivation and control (Gardner & Palmer, 1992; Smart & Pontifex, 1993; Wright, 1995). The employment of personnel specialists increased and new management journals and professional groupings emerged. The Institute of Industrial Management (IIM), formed in 1941[29], set up a separate Personnel Management Committee and Personnel Advisory Service in 1943 and provided a forum for debate and the dissemination of management ideas. At the same time Welfare officers in Sydney and Melbourne had also formed Personnel and Industrial Welfare Officers' Associations and as the numbers of personnel officers grew, creating further state associations, a new federal constitution was adopted in 1954 and

[29] Later the IIM was renamed the Australian Institute of Management.

the name changed to the Institute of Personnel Management (Australia) (IPMA) (Smart & Pontifex, 1993; Wright, 1991). A primary concern for the IPMA had been the promotion and encouragement of the study of personnel management and industrial welfare problems. The goal to provide a formal training scheme for personnel management was realised in the late 1940s when a four-year course was introduced at the Sydney Technical College. The University of Melbourne also offered a diploma course in personnel practice within its Social Studies Department and by the 1950s certificate courses in personnel management were well-established (Wright, 1995).

Wall (1971) has explained that it had become fashionable in the post-war period to have a personnel department. In 1946, a survey of members of the Institute of Industrial Management revealed that 65% of its Victorian members had an organised personnel department (Wright, 1991). It is clear then that the personnel department had become a perceived essential contributor to organisational success. Unfortunately, as happened in the U.S. after the First World War, the expectation that personnel management specialists would solve all problems associated with employee management failed to eventuate. Several factors contributed to this disappointment. First, management had almost no understanding of exactly what the personnel management specialist was capable of and this was not assisted by a tendency for those who were working as personnel specialists to overstate what they could achieve. As was the case in the U.S. for example, psychological testing failed to be a panacea for employee selection difficulties (Rose, 1975; Wall, 1971). A second factor contributing to employer disappointment was that the demand for personnel

officers greatly exceeded the supply of trained people and many people working in the personnel management area were largely ill-equipped and under-experienced to effectively make a worthwhile contribution (Wall, 1971).

Despite the loss of fashionable appeal of personnel management matters, those professionals who remained in the area continued to gain expertise and managed to maintain sufficient standing in organisations to consolidate their role as specialist advisers in employee related matters. Wall (1971) has suggested that Personnel:

> ... ceased to be fashionable for its own sake and became more and more recognised as a specialised management function with a substantial contribution to make to the efficient utilisation of human resources (1971: p. 27).

To summarise the discussion so far, even though the early features of the employment relationship in Australia were similar to those in the U.S., the importance and timing of the various influences differed. Developments such as scientific management, industrial psychology and welfare work were well established in the U.S. in the 1920s but interest in these movements in Australia at that time was restricted to a small number of organisations. It was not until the Second World War and the increase in the Australian manufacturing base that these ideas and techniques were embraced and recognition was given to people working in the area of personnel management.[30] With respect to union strength on the other hand, unions, with the parliamentary support of the Labor

[30]A professional body representing those involved in welfare and personnel matters had emerged in the U.S. in 1912. A similar formation did not occur in Australia until the Second World War when the Personnel and Industrial Welfare Officers Association was formed in 1943 (Smart & Pontifex, 1993).

Party, successfully lobbied for arbitration in Australia in the early part of the 20th century. With the Labor Party holding the balance of power in N.S.W., the first legislation agreed upon was the N.S.W. Industrial Arbitration Act of 1901 (Turner, 1965). In 1904, with the Labor Party, again holding the balance of power at the federal level, Commonwealth legislation followed and under the Conciliation and Arbitration Act the Commonwealth Court of Conciliation and Arbitration was established.[31]

Overall the tasks performed by the personnel management function reflected the influences that have been discussed so far. Personnel professionals were concerned with a range of activities that included welfarism, industrial relations, scientific management and to a lesser extent features from the human relations school. In a survey conducted by Kangan and Cook (1949), the most developed personnel practices were concerned with working conditions, safety, and social and recreational activities. It was also noted that industrial matters, including the interpretation of awards[32], the handling of negotiations on award questions and the preparation of evidence for cases coming before industrial tribunals were an important part of a firm's personnel management work. When there was a heavy burden of industrial work this assumed priority over all

[31] In the U.S., recognition of employee rights to collectively bargain was not allowed until 1935, when, as part of President Roosevelt's response to the oppressive conditions of the depression, Labor legislation was reviewed and the Wagner Act was passed that established a National Labor Relations Board to supervise the right of employees to 'self-organise' and bargain collectively through a representative of their choice (Rayback, 1959: p. 342).

[32] An award is "...a document setting out the terms and conditions of a worker's employment that have been established by or through an industrial tribunal. Typical clauses in industrial awards cover such matters as rates of pay for particular tasks, sick leave provisions, conditions under which special rates shall apply for particularly hazardous or dirty work and procedures to be followed at the plant level in the event of grievances arising" (Dabscheck & Niland, 1981: p. 245).

other work. This was seen to be a difficulty especially when general personnel management work was the responsibility of only one officer (Kangan & Cook, 1949). It was in the 1960s and 1970s however, that discussions about competing responsibilities within the personnel management role strengthened and debate grew about what the function was actually trying to achieve.

The Personnel Function in the 1960s and 1970s

After the Second World War and into the 1960s, manufacturing activities increased to account for about one third of GDP, moving Australia to a degree of industrialisation comparable to the United States and Canada. The major areas where Australian companies caught up to development elsewhere occurred in the industrial areas that had been stimulated by the war: electrical goods, chemicals, rubber, vehicles, machinery and metal production. There were several reasons for this growth. First, the wartime effort had mobilised production in these areas and increased the scale of production and assembly line processes. Second, demand for these products increased as the population base expanded and income levels rose. Finally, there was an inflow of foreign capital and technology, especially from the U.S., into Australian industry throughout the 1950s and 1960s (Butlin, 1970).

The increase in the size of the Australian manufacturing base during this time encouraged those working in the personnel function to become more focussed on efficiency. Dunphy (1987) described the primary concern of those working in the personnel function in this period to be the effective deployment of people in order to "...maximise productivity, maintain predictable and reliable

operation and to achieve cost efficiencies" and this approach was heavily influenced by the principles of scientific management where people were treated as exchangeable units, replaceable at minimum cost (Dunphy, 1987: p. 41). In a survey of personnel management practices, published in 1947, for example, the basic work of personnel management was seen to be the study of jobs (*Manufacturing and Management*, 1947).

Despite the popularity of these ideas in the 1950s, Wright (1995) has suggested that not all companies were keen to install the efficiency measures. Although many of the large companies supported the ideas, many smaller companies could not afford to hire the appropriate consultants and train existing managers. Furthermore, the detailed measurement of tasks that was part of the scientific management process did not fit all work situations: not all jobs could be easily broken down into discrete, measurable units. There was also considerable opposition from workers and the unions to the push to speed up production and reduce the skill levels associated with tasks (Wright, 1995)[33]. Despite this, scientific management did have an impact on the work of those in the personnel function in that it focussed attention on record-keeping and the monitoring of efficiency levels.

As well as experimenting with scientific management techniques, personnel practitioners also became interested in employee motivation and job

[33] Officials from unions such as the Amalgamated Engineering Union (AEU), Mouldeers' Union and Boilermakers' Society, for example, reused to have anything to do with such techniques (Wright, 1995).

satisfaction. Previously there had been little attempt to understand the needs of workers and formally establish open lines of communication with employees. In the Kangan and Cook survey of the personnel function in 1949, the development and use of effective means of communication between the various levels of management and employees, was ranked very low. Kangan and Cook commented:

> It was found that the authoritarian tradition still persists in many places, and there is a reluctance to communicate or consult with employees on matters that vitally concern them (1949: p. 11).

This attitude changed dramatically in the 1960s and early 1970s when labour became more scarce. Employers began to question many of the assumptions underlying traditional patterns of work and experimented with a range of innovative workplace initiatives including ideas generated by the human relations movement (Smart & Pontifex, 1993). John Linton, Head Methods Engineer of the electrical appliance company STC, for example, practiced the principles of job re-design and argued that attention to task identity, variety and responsibility addressed the motivational and de-skilling problems that characterised the scientific management approach. Another advocate of these techniques was Dr. Fred Emery who had been involved in research at the Tavistock Institute of Human Relations in London. He became a leading proponent of socio-technical theory, which tried to combine technical and social elements of the production process (Dunphy, 1987; Wright, 1995). By the early 1970s such ideas were becoming more popular and there was a surge of interest

in worker participation schemes and organisational development [34] (Wright, 1995).

In response to the introduction of these trends in work design, Personnel departments flourished as they were seen by employers to be experts in the new forms of organisational structuring and effective implementers of these ideas (Dunphy, 1987). In a survey questionnaire distributed to members of the IPMA in 1967, there was some evidence that the role of personnel officers had incorporated ideas from the human relations movement. The primary duties performed by lower paid personnel officers continued to be recruitment and the maintenance of personnel records as well as industrial relations but higher paid personnel officers identified supervisor training and management development as key activities (Cameron, 1967). Another survey of IPMA members in 1977 identified motivation of employees and worker participation as areas for research development (Draper, 1977). Finally, O'Neill and Prentice (1982), in a review of the topics that were covered in the professional journal of the IPMA over a twenty year period between 1962-1981, also noted that in the mid-seventies there was a definite interest in 'man at work' issues. [35]

Although the involvement of the personnel department in a broader range of activities had led to a greater demand for Personnel's expertise, writers at the

[34] Organisational development provided an organisation-wide change process that would support job re-design (Dunphy, 1987).

[35] Specifically, articles addressed the question of why people work and what satisfies and motivates people in the work environment. Participative management and change were key areas of interest and there was a prominence of articles related to behaviour in organisations, job design and job satisfaction (O'Neill & Prentice 1982: pp. 19-20).

time were concerned that the function was starting to lose its way, responding to trends rather than representing a recognisable set of practices and techniques. Writing in the 1970s, Wall (1971), had noted that personnel management had emerged with a consistent adherence to a welfare philosophy but changes in the business environment had fostered a policy of expediency. Wall commented as follows:

> ...they have adopted practices from time to time to meet what they saw as particular needs arising from the economic climate or the state of the labour market, without much thought of philosophies or in some cases, even ethics; and most invariably without any preliminary research to validate their arbitrary assessments. This approach has resulted in a piecemeal, spasmodic development lacking cohesion or even continuity (Wall, 1971, p. 27)

There was also concern about the quality of those working in the personnel management area and the resultant *ad hoc* nature of much of the personnel management work. Many of those assigned to the role of personnel officer showed an interest in people but were largely ill–equipped to make a substantial contribution to business.

In summary, Wright (1995: p. 123) has observed that the 1970s were a time of 'soul searching' for those associated involved in the personnel function. In the review of themes published in the IPMA Journal over a twenty year period from 1962 to 1982, O'Neill and Prentice (1981) noted a great deal of discussion about the nature of the personnel function and where it was headed. Indeed, this was the topic that attracted most discussion. O'Neill, the editor of the IPMA journal, commented in the May 1983 editorial that personnel managers felt that they

were "..the organisational equivalent of the 'poor cousin' " (1983: p. 2), often being the first department to be scaled down in times of economic downturn.

The Transition to HRM

Concern over the clarity of the role of the personnel function came at a time when there was a downturn in the Australian economy and a need for all parts of the organisation to become more focussed on competition. Changes in the Australian economy in the 1970s and 1980s were, in part, a result of the decline of the export market in agricultural goods as a reliable source of national wealth[36]. At the same time that the export of agricultural products came under threat, the manufacturing sector was pressured to improve efficiency and quality levels in order to match the increasing presence of multinationals (Dowling & Boxall, 1994).

The changes in the Australian economy in the 1980s made it clear that the future success of organisations depended more than ever on the quality of the management of people and as this was the area in which Personnel held the expertise there was renewed discussion about the role and focus of the personnel department (Collins, 1987). The trend towards downsizing and leaner, flatter organisational structures, for example, placed pressure on the personnel function to look for new ways to organise and utilise employees and produce results that noticeably effected the bottom line (Dunphy, 1987;

[36] Britain, for example, had been a major importer of Australian primary products, but in 1973 it entered the European Community (now the European Union) and the traditionally secure market disappeared as Britain chose to buy from markets within the European Union rather than from Australia.

Limerick, 1992). In response to these pressures there was evidence, within the personnel function, of the "... first stages of development of human resource planning and human resource management" (Dunphy, 1987: p. 44). Dredge and Smith (1981), when commenting on a survey of members of the IPMA at the end of the 1970s, also identified this move away from the role of the traditional employment officer to an emphasis on connecting human resource planning with corporate planning. When comparing IPMA survey results between 1974 and 1980, they found an increase from 40 to over 50 percent of personnel managers involved in organisational and manpower planning. This represented a shift in the focus of the personnel function away from a purely administrative, reactive role to one that was more pro-active and concerned about the future directions of the enterprise.

Much of the discussion on the role of personnel management was influenced by the concept of Human Resource Management that was emerging in the United States. The structure of HRM, as noted previously, stressed the strategic involvement of those connected with HRM and the integration of HRM concerns into top management decision making as well as connecting HRM more strongly with line management responsibility. Australian writers on personnel management issues considered that HRM had a great deal to offer to organisations that were facing the 'new competitive environment'. Collins (1987), for example, when championing the newly named Human Resource function as an important organisational player, supported the proposed tighter fit between organisational strategy, mission and personnel practices and policies as a key to organisational success. Other writers such as Boxall and Dowling

(1990) suggested that HRM offered a useful framework for the devolution of industrial dispute issues to the enterprise level and a move away from the tradition of centralised resolution of industrial conflict. Collectively these arguments suggested that the new HRM approach had the potential to make a useful contribution to the more demanding business environment (Boxall & Dowling, 1990).

From the preceding discussion it is clear that increasing global and competitive pressures in Australia in the 1980s forced organisations to review organisational processes and encouraged a meaningful re-evaluation of the role of the HR function. In 1984 Dowling and Deery conducted a survey of the membership of the IPMA, to investigate the profile of personnel and industrial relations practitioners and identify the main activities of those working in the area (Dowling & Deery, 1985). Although there was some discussion of the importance of developing adaptive strategies, it was apparent that as a group these professionals performed a broad range of activities that primarily reflected traditional personnel management tasks. A total of 26% of the sample felt that no one functional area best described their job and a further 23% indicated that none of the personnel activities described in the questionnaire, best described their position. For those respondents who did identify one functional area that best described their work, industrial relations was seen to be an important focus (12%), followed by training and development (10%) and recruitment and selection (9%). Activities that were more strategic in nature, however, for

example manpower planning and organisation review and analysis, rated poorly as primary areas of activity .[37]

Other researchers similarly noted a concern over the lack of strategic focus of those working within the HR function. Collins (1987), for example, argued that many Australian organisations lacked the necessary alignment between HRM and business strategy. Kramar (1992) confirmed a resistance to the implementation of HRM ideas in a detailed review of three case study organisations that had formally adopted a strategic HRM approach. It was found that the successful implementation of HRM initiatives was hindered by existing sets of behaviours, attitudes and expectations. Senior management simply did not fully support the change in policies and the implementation of the new processes failed accordingly.

This is not to say that there has not been some measure of change in the HRM function in Australia. The IPMA was re-named the Australian Human Resources Institute (AHRI) in 1992, for example, in recognition of the move away from personnel management towards HRM. Some commentators acknowledge attempts to trim the size of HR departments and train line managers in HRM responsibilities. There is also evidence that in some organisations the HR function has taken on the facilitator role in change management programs (Limerick, 1992; Smart & Pontifex, 1993). Wright

[37]Only 3% of the sample identified manpower planning as a primary area of responsibility and 5% identified organisational review and analysis as a primary concern (Dowling & Deery, 1985).

(1995) has noted an increased sophistication of personnel management policy and practice and a growing awareness within executive management of the potential contribution that the personnel function can make. Research by Deery and Purcell (1989) has suggested, however, that these changes may be largely limited to certain sectors. Larger organisations, for example, were more likely to have a representative on the Board of Directors who was responsible for personnel management matters.

In the broader context, a number of changes to the industrial and business environment in the late 1980s and 1990s have occurred that have been nominally supportive of a HRM approach (Kaye, 1999). A series of reforms to industrial relations began with the formation of an Industrial Relations Accord in 1983 between the government at the time, the Australian Labour Party, and the Australian Council of Trade Unions (ACTU). The principle of the arrangement was economic recovery through consensus and collaboration: key characteristics of the HRM approach. In the late 1980s the focus was on areas of micro-economic reform that included productivity growth and enterprise competitiveness. There was an emphasis on worker multiskilling, for example, and a push towards more flexible work practices (Deery, Plowman, Walsh & Brown, 2001; Shelton, 1995).

Second, a government report, commonly referred to as the Karpin Report,[38] identified the need to develop management skills and the importance of investment in people: priorities that again are integral to a HRM approach. The findings of the Karpin Report, published in 1995, concluded that although the best Australian managers were equal or better than those in the rest of the world, the majority of managers had gaps in a range of areas including strategic focus, management development and critical 'soft' or people skills (Barry, 1996). The advice of the report was that organisational support for these activities should be substantially increased.

Finally, within the Australian setting, the decentralisation of industrial relations has increased the potential for the HR function to make a meaningful contribution within organisations. Concern about Australia's economic performance and international competitiveness prompted the dismantling of the centralised framework for industrial regulation (Rimmer & Zappala, 1988). In March 1987 the centralised policy of wage fixation was abandoned and the Australian Industrial Relations Commission (AIRC) introduced a new two-tiered wage-fixing system that incorporated a general wage increase plus a second possible increase of up to 4 per cent that was contingent on workplace changes that resulted in efficiency improvements. Another major change

[38] In 1988 the Employment and Skills Formation Council, in its report *Industry Training in Australia: The Need for Change*, argued for the need to strengthen the skills of Australian managers. As a consequence of this initial report and other deliberations, the Prime Minister, the Hon. Bob Hawke, announced the development of a management skills strategy for Australia as part of the March 1991 Economic statement. The result of this announcement was the establishment of the Industry Task Force on Leadership and Management Skills. The Chairman of the Task Force was David Karpin and the published results of the 27 research projects that fell within the Task Force's charter have subsequently been referred to as the Karpin Report (*Enterprising Nation*, 1995).

occurred in October 1991, when despite the AIRC's reluctance, a framework for enterprise bargaining[39] was introduced that was later supported in 1992 with amendments to the Industrial Relations Act (Deery, 1995). These amendments made allowance for non-unionised Enterprise Flexibility agreements to be registered but the union movement still had the right to oppose these agreements at the time of their registration and this severely curtailed the use of this form of agreement (Coulthard, 1996).

The Workplace Relations Act 1996, introduced by the incoming conservative federal government, made further significant changes that aim to create a more direct relationship between employers and employees (Baird & McGrath-Champ, 1998). Effectively the Workplace Relations Act dismantled the existing centralised system which gave the AIRC a central role in dispute settlement and the determination of employment conditions. The new approach gave primacy to enterprise bargaining and Australian Workplace Agreements (AWAs)[40] which allow employers and workers to negotiate directly.

[39] Enterprise bargaining is the formation of employer and employee agreements conducted at the level of the enterprise. The product of the process, an enterprise agreement, may exist as a supplement or complement to existing awards or it may be a complete substitute. In the case of agreement about wages, these may be adjusted to suit changes in work value and productivity (Fox, Howard & Pittard, 1995: p. 583).

[40] According to the Act, an employer and employee may make a written agreement called an Australian Workplace Agreement, that deals with matters pertaining to the relationship between an employer and an employee. An AWA is similar to an individual contract of employment, except that its content is subject to scrutiny and approval by the Employment Advocate and is enforceable in public law (Deery et al., 2001: p. 278-9).

These changes to the structure of the system now make the unitarist[41] or consensual approach to the employment relationship, embodied with HRM, a viable possibility. This is evidenced by the consideration being given to the HRM approach in recent literature on the Australian employment relationship (Alexander & Lewer, 1996; Deery et al., 1997; Gardner & Palmer, 1997). Results from the Cranfield Network Survey on International Strategic Human Resource Management, conducted in Australia during 1995-97, also indicate that the reforms in the industrial relations legislation and the clearer commitment by organisations to more flexible work practices, have had an effect on HR policy and practice. An increasing number of organisations, for example, were reportedly introducing techniques to communicate directly with employees. There was also evidence of a growth in pay for performance schemes, flexible employment practices, training and performance appraisals and an increase in the responsibility taken by line managers for HRM issues. It was also suggested that HRM specialists are more aware of the need to closely integrate HRM with corporate strategy (Kramar, 1999).

Despite these advances, some commentators have expressed concern that the changes may pose further challenges and problems. Collins (1998) has argued, for example, that the devolution of administrative personnel tasks to line managers may place HRM responsibilities in the hands of uncommitted and underskilled managers. Wright (1995) has also raised concerns that the

[41] The unitarist approach to the employment relationship "...assumes mutual cooperation and a harmony of interest between employers and employees. There is no fundamental conflict between those who own the capital and those who supply their labour. By definition, all are part of the same team" (Deery et al. 2001: p. 7).

indeterminate and contradictory nature of the 'soft' and the 'hard' versions of HRM has created a situation of tension in organisations. The emphasis on unitarist or consensual employee relations, for example within the soft approach, presents the employee with the prospect of job security and career development. Under the hard approach, however, unitarism may place greater emphasis on the notions of efficiency and monitoring of employee performance. There is concern that it may be this latter approach that dominates the Australian experience as organisations and business strategies stress a need to contain costs in order to survive (Wright, 1995). The Department of Industrial Relations, for example, surveyed Australian workplaces to review the direct impact of enterprise bargaining on workers. The survey found that although there had been improvements in productivity, profits, and quality (1996: pp. 130-2), half of the employees reported greater stress on the job over the last twelve months (1996: p. 153). Further, satisfaction with the work / family balance has decreased with 14% reporting higher satisfaction but 26% reporting lower satisfaction (1996: p. 151).

In summary, despite the evidence of an industrial relations environment that favours a consensual approach to labour relations and management trends that potentially support the rhetoric of HRM, there are concerns that the HRM transition is yet to be realised. Concerns include the hesitancy of HRM practitioners to take up the new role, a lack of preparedness on the part of line managers to deal with increased HRM responsibilities, difficulties with the acceptance of HR managers as full business partners and an over-emphasis on the hard interpretation of HRM (Collins, 1998 & 1992; Kramar, 1992; Wright,

1995). These are areas that require closer investigation and research in the Australian setting.

Summary and Conclusions

The objective of this chapter was to trace the history of the personnel function in Australia and determine whether its development largely followed the stages of evolution that occurred in the function in the U.S. and Britain. Within the preceding analysis is it clear that although the timing of various developments within personnel management differed between countries, similar influences were apparent and there is a match with the type of activities and responsibilities that were performed. An early concern for employee welfare, for example, in the 1920s, encouraged organisations in Australia to make provisions for employee retirement and illness (Patmore, 1991). The employment of welfare officers and welfare secretaries, that had occurred in the U.K and the U.S. at the turn of the century, however, did not really come about in Australia until the Second World War (Eilbirt, 1959; Tyson, 1995; Wright, 1991). Similarly, the development of a role for the permanent personnel specialists in the U.S. and in Britain, occurred during World War 1 when personnel administrators successfully introduced developments in psychological testing and monitoring of worker efficiency (Dulebohn et al., 1995; Ling, 1965; Sofer, 1972). In Australia, even though there had been an interest in scientific management and industrial psychology early in the century, the relatively small size of organisations and the restricted scale of manufacturing, did not lead to the same sort of interest that these ideas generated in the U.S. and in Britain. It was not until the production and efficiency demands of World War II that many

employers invested in a permanent personnel function, dedicated to administering and managing the productive potential of the employee base (Dunphy, 1987, Smart & Pontifex, 1993).

One area in which Australian organisations were forced to develop more quickly, was in the recognition of unions and the development of formal employer employee negotiation skills. In Australia in 1904, federal legislation was passed that set up a court of Conciliation and Arbitration between unions and employers whereas the recognition of the rights of workers to collectively bargain was not acknowledged in the U.S. until 1935 with the Wagner Act (Rayback, 1959; Wright, 1995). For those working in the early personnel departments in Australia, therefore, much of their time was taken up with handling industrial negotiations and preparation of cases before the industrial tribunal (Kangan & Cook, 1949). Nevertheless, personnel officers continued to maintain a concern with administration and efficiency matters and later in the 1960s followed the trend that had begun in the U.S. and in Britain in the 1950s of experimentation with job design and organisational development (Dunphy, 1987). Finally, the impact of increasing global competition and threats to traditionally secure international markets in the 1980s led, as it did elsewhere in the world, to Australian companies re-assessing acceptable levels of product quality and exploring the value of their workforce as a possible source of competitive advantage (Dowling & Boxall, 1994). This initiated the transition from personnel management to HRM and the introduction of yet another expected set of skills for those within the personnel area; skills in strategic human resource planning (Collins, 1987).

Not only has HRM in Australia experienced a similar set of changes and influences to those occurring in the function in the U.S. and in Britain, the function in Australia has faced similar challenges and dilemmas. The rapid growth in interest in answers to employee management problems after World War II in Australia, for example, led to many employers developing unrealistic expectations of what the personnel specialist could actually offer. A comparable difficulty had occurred in the U.S. after World War I (Rose, 1975; Wall, 1971). In the 1980s, the ongoing concerns about the status and agreed upon role of the personnel function that were evident in the U.S and in Britain were also being experienced in Australia (Foulkes, 1975; O'Neill & Prentice, 1981; Torrington, 1989; Tyson & Fell, 1986).

More recently, debates about the effective transition from personnel management to HRM, which appear in the Australian literature, again align with the doubts raised in the U.S. and in Britain. Within the personnel function itself, for example, there has been discussion around the diversity of the quality of those working in the area and doubts about their ability to comfortably operate within the business partnership role. There is a common argument that the variety of influences that have had an impact on the personnel management area and the previously described *ad hoc* and fragmentary nature of the work, have not provided a strong tradition of managerial expertise that is necessary for the new strategic role assigned to those working within the HRM area (Beer, 1997; Collins, 1987; Lawler, 1995; Legge, 1995; Wright, 1991). Confusion about the hard and soft approaches to HRM and the seemingly contradictory

nature of these interpretations also poses problems for employees and employers working in the new HRM environment (Legge, 1995; Wright, 1995).

Overall, the discussion within this chapter has shown that the development of the personnel function in Australia has broadly mirrored the experience of those operating within the personnel function in the U.S. and in Britain. It would be reasonable then to relate the debate raised in these countries around personnel management issues to the Australian experience. Accordingly, within the next chapter, the discussion explores in greater depth the generic tensions associated with HRM. Specifically, the chapter more fully addresses the differences between the old style personnel management approach and the new HRM ideal and considers the possible factors that both hinder and assist in strategic HRM integration.

Chapter 4
Strategic HRM Integration: Reasons for Integration and Factors that Act as Supports or Barriers

Objectives of this Chapter

Historical developments outlined in the previous chapters highlight how economic and industrial events have largely determined the role changes of those involved in the personnel function. Although the transition from personnel management to HRM has presented people working in the HR function with an opportunity to make a more comprehensive strategic contribution to organisational success, the transition has not been smooth. Many involved within the function struggle to balance the residual demands of the old personnel management focus with the expectations of the new strategic HRM approach. At the same time, those outside the HR area, such as line managers and senior management also hesitate to embrace the new definition of the function. The objective of this chapter is to review these developments and explore the range of factors that may assist or detract from successful strategic HRM integration.

Introduction

The move towards a HRM approach has generated a great deal of discussion within organisations, especially at the management level, and it has also activated considerable debate within the academic literature. This is not the first time that personnel management work has experienced a change in emphasis: as noted in the two previous chapters the history of personnel management work has been characterised by constant adjustment and re-invention. The focus of personnel management work, for example, has at different times concentrated on welfare

work, procedures to enhance efficiency, industrial relations and sociotechnical interpretations of workplace design. These reactionary modifications to the nature of the work have largely occurred at the micro level, concentrating on the day to day operations of those working in the personnel management area. HRM, on the other hand, not only presents further change to the type of work to be completed by those involved in the function, it demands a re-think of who actually takes responsibility for HRM matters: HRM should be owned by everyone in the organisation, not just those who work in personnel management. Senior management, for example, should recognise the importance of strategic HRM integration within senior decision-making processes and line managers also have to accept and support HRM priorities (Beer et al., 1984; Dyer, 1983; Dyer & Holder, 1988). As well as this broadening of responsibility for HRM matters, the new agenda argues for a much more integrated HRM approach. Fragmented, fad-driven responses to personnel management concerns are no longer considered to be a strong enough solution to competitive demands. Becker, Huselid and Ulrich (2001) have argued that if HRM is to be a source of competitive advantage, interrelationships between the components of HRM policy and the broader linkages between HRM and strategy become critical. Using resource-based theory, Boxall and Purcell (2000) and Kamoche (1996), have similarly argued that cohesive HRM policies and practices are important in the development of a competitive stock of employee knowledge, skills and abilities.

These views of HRM represent a major re-examination of the role, positioning and responsibility for HRM matters and this chapter will consider the wave of literature that has responded to these proposed changes. The analysis will

highlight typologies of personnel management styles, the acceptance of a new strategic approach to HRM and the factors that assist or hinder the transition.

Competing Roles within the Personnel Function

When reviewing the history of personnel management it becomes clear that the function has been affected by several major influences and characterised by a number of changes to the primary tasks of the personnel practitioner. Torrington (1989) has classified some of the opposing influences in an attempt to define and understand the difficulties experienced by those who are currently trying to merge existing responsibilities with the new definition of the HR role. The earliest role of personnel appointees involved a focus on welfare. Referred to by Torrington (1989) as 'acolytes of benevolence', these practitioners were rapidly called upon to move beyond this concern with welfare in order to provide advice on efficiency and bureaucratic control. Torrington (1989) has explained that this 'humane bureaucrat' required personnel officers to contribute more to the bureaucratic context and attend to priorities such as job specifications, selection, training and placement. Both these roles continue to be part of current personnel management concerns: personnel practitioners remain the conscience of the organisation as well as attending to specific HR functional commitments such as recruitment and selection, training and development and performance appraisal (Dulebohn et al.; 1995Lawler, 1995).

Shortly after personnel practitioners had established a specialty in welfare and administration they were called upon to assume another role, that of 'consensus negotiator'. The demands of war and the subsequent period of labour shortages

and industrial unrest, added legal and negotiating aspects to the position. Torrington has explained that as labour became a scarce resource and trade unions began to grow, the personnel manager was forced to acquire bargaining expertise. Again, this set of skills, associated with negotiation and industrial relations, remains a current personnel management and HRM priority.

During the 1960s three further dimensions were added to the profile of the personnel practitioner. First, continuing levels of industrial unrest in the 1960s and 1970s concentrated management's attention on ways to improve organisational commitment through the development of open, flexible work cultures (Legge, 1995). Torrington (1989) characterises this role as one of 'organisation man'. A second role, the 'legal wrangling' role, addressed the growth in legislation connected with employee rights and the obligation of the employers to deal with matters of equity and fairness in the workplace. Finally, the role of 'manpower analyst', began to move into the area of manpower planning and forecasting and the fit between resources and needs.

In an attempt to understand the relevance and importance of these evolutionary personnel developments, a number of British commentators have shown that the stages of personnel management activity, as outlined above, continue to co-exist in current HR work. Legge (1995), for example, has suggested that these various roles that evolved in response to historical events, are present within the current personnel specialist approaches defined by Tyson and Fell (1986) as 'clerk of works', 'the contracts manager' and 'the architect'. First, Legge has argued that the 'clerk of works' approach which is said to embody little autonomy, be

restricted to short term planning and be subservient to line management, is a combination of the traditional welfare and administrative focus described by Torrington (1989) as the 'acolytes of benevolence' and the 'humane bureaucrat' classifications. The reactive and pragmatic stance focuses on routine, administrative services to the line and the provision of welfare to employees. This role is primarily concerned with housekeeping but makes no contribution to central planning or integration of policy ideas (Legge, 1995).

Second, the 'contracts manager', a current role that helps to interpret 'existing procedures, agreement and contracts in the light of new circumstances' (Legge, 1995: p. 46), can be aligned with Torrington's descriptions of the 'consensus negotiator', and 'legal wrangler'. These roles continue to be evident in the contract manager's attempts to create effective operational policy in line with current developments. It is again, however, a role that provides service and advice to line management.

Finally, 'the architect' is a much more proactive role. This position is key in the integration of personnel management policy with business strategy and reflects similar concerns to those attributed by Torrington to the 'organisation man' or the 'manpower analyst' (Legge, 1995). The emphasis is on policy initiatives and change management and unlike the previous categories, positions the personnel manager as a partner with senior management.

Within the preceding discussion it is clear from the ideas presented by Legge (1995), that personnel activity has passed through quite definite stages and

resultant roles continue to co-exist in current HR work. Further, it is evident that more recent Personnel / HR role definitions are characterised by proactivity rather than reactivity. This is a theme that is developed by another British academic, Storey (1992) whose typology differentiates the various historical personnel roles with respect to levels of interventionary and strategic involvement. The typology is graphically presented with two axes: strategic / tactical and interventionary / non-interventionary (See Figure 4.1.). The two axes result in four possibilities. 'Handmaidens' (tactical / non-interventionary), as the name suggests, are involved in reacting to the needs of others in both welfare and industrial relations issues: this fits closely with Tyson and Fell's 'clerk of works' role.

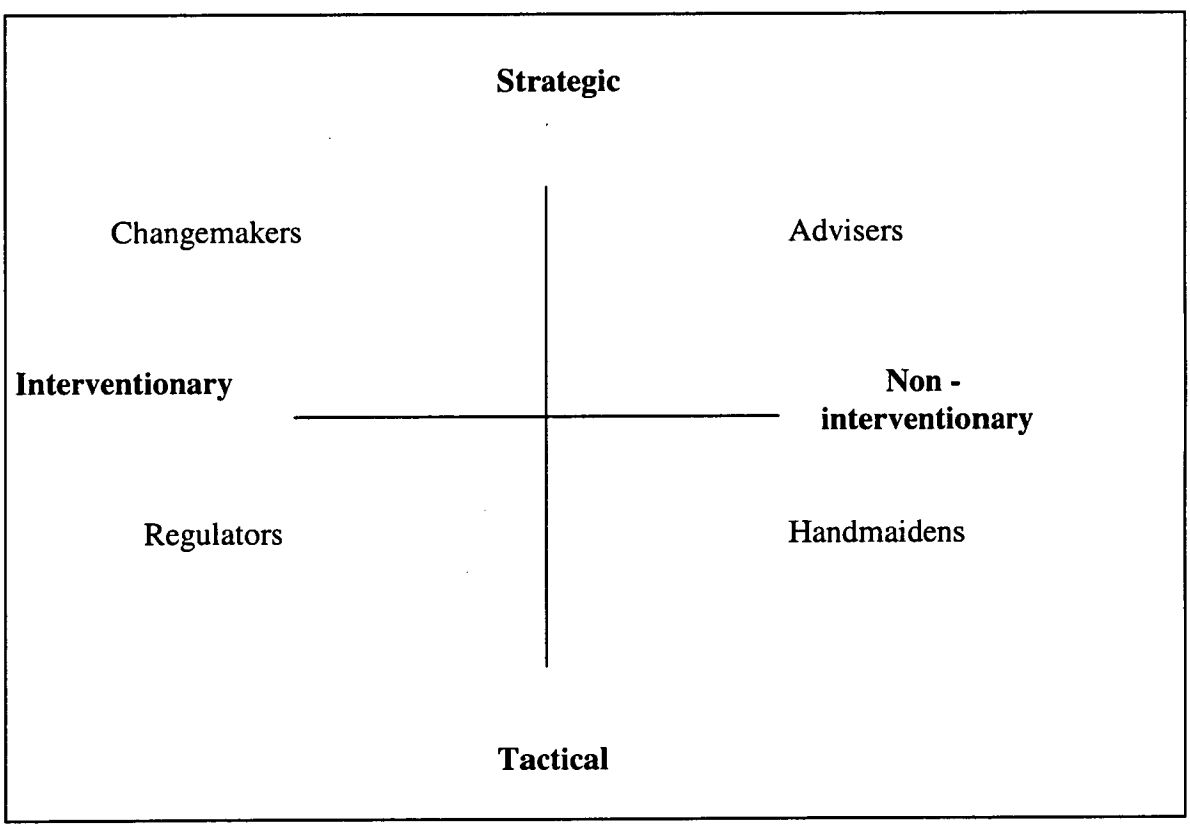

Figure 4.1 Storey's Model of Types of Personnel Management
(Source: Legge, K. (1995) *Human Resource Management: Rhetorics and Realities.* London: Macmillan Press at p. 48)

The second quadrant, regulators (tactical / interventionary) aligns with Tyson and Fell's 'contract manager'. This group act as mediators and monitors of employment rules. The two remaining quadrants, 'advisers' (strategic / non-interventionary) and 'change makers' (strategic / interventionary) roughly align with Tyson and Fell's 'architect' (Legge, 1995). 'Advisers', adopt the strategic stance of the 'architect' but their role is passive and non-interventionary. This group act as internal consultants to line managers who are seen to be the ones that make the key decisions. 'Changemakers' on the other hand adopt a broader perspective in that they view personnel management policy from the perspective of business strategy and their involvement is highly interventionary and strategic (Legge, 1995). It is this latter group that fits best with the current HRM vision. Overall, as well providing further analysis of the various roles present in the current personnel management role, the value of Storey's typology is that it serves to highlight the variation in levels of strategic involvement between the various roles. Clearly, for example, the strategic role of the changemaker is markedly different from that of handmaiden.

Collectively, these primarily British commentators have tried to classify and label the range of personnel management activities. It is a useful analysis because not only does it review the breadth of skills associated with personnel management work, it highlights the conflict within the role and underlines the dilemma that faces practitioners who are trying to respond to the pressures to be more proactive but at the same time provide necessary administrative and operational support at the micro level. In short, the personnel professional has had to be reactive as well as proactive, administrator as well as strategist, employee advocate as well as

manager (Lawler, 1995). In the next section the discussion moves on to review how HRM acknowledges this fragmentation of the personnel management role and how it attempts to not only provide those within the function with a clear purpose but also to enrol other stakeholders in the process as well.

The Emphasis on Strategic Integration within the HRM Approach

In the early 1980s the personnel function was a clear product of the variety of historical influences that have been detailed above. In response, Drucker (1975) has described personnel management as "...a collection of incidental techniques without much internal cohesion" that he later described as "*a hodge podge*" (p. 269). More specifically he said of the personnel function:

> ...They are neither one function by kinship of skills required to carry the activities, nor are they one function by being linked together in the work process, by forming a distinct stage in the work of the manager or in the process of the business (p. 269-70).

Writing in 1984, Beer et al., acknowledged the ad hoc character of personnel management activities and the resultant set of disconnected policies that were reactive rather than proactive. These authors noted that:

> ...many of these personnel and labour relations activities and systems seem to have a life of their own, isolated from and independent of other personnel and labour relations activities and systems (1984: p. 2)

A HRM approach, on the other hand, emphasises a strategic, integrated, organisation-wide appreciation of the value of people as a key resource. Accordingly, any policy developments or decisions made with respect to the acquisition or deployment of people should be made in an integrated and co-ordinated fashion: HRM was seen to be an organisation-wide attitude rather than a

functional specialty area (Beer et al., 1984). The key to the successful transition away from this disconnected set of polices to a united focus on productive employee and employer relationships was that HRM must become everyone's concern and it must be supported by, and be part of, general management. Beer et al. (1984) argued that:

> ...Without a central philosophy or a strategic view - which can be provided only by general managers- HRM is likely to remain a set of independent activities, each guided by its own practice tradition (p. 4).

Tichy et al. (1982) similarly supported the wider ownership of responsibility for HRM concerns proposed by Beer et al. (1984) and wrote extensively on the strategic character of human resources and the integration of HRM within the central organisational structural and decision-making processes.

Dyer and Holder (1988) also stressed an integrated, organisation-wide commitment to human resource management and specified the characteristics of the new HRM approach that supported the central philosophy of full involvement. First, at the organisational level, the more strategic HRM approach ensured that key HRM decisions have top management input whereas the traditional personnel management approach assigned the design and implementation of personnel management programs to middle level personnel specialists and line managers. Second, the strategic approach focused on organisational effectiveness and viewed people as resources that form a critical fit with the business orientation of the organisation. The more traditional personnel management perspective has viewed people as ends in themselves and has not fully respected the contribution that people can make to business success. Third, the strategic approach had a

framework of unified HRM goals that were designed to be integrated and synergistic. The personnel management approach was not as concerned with integration and policies were often developed in relative isolation as noted by Beer et al (1984). Finally, the strategic approach also ensured that line managers had key responsibility for the development and implementation of HRM policy (Dyer & Holder, 1988: pp. 1-3 - 1-4).

Collectively, Beer et al. (1984), Tichy et al. (1982) and Dyer and Holder (1988) offered a view of HRM that represented a major departure from the more traditional personnel perspective. These writers proposed a much fuller commitment by top management to the strategic development of HRM policies as well as a determined devolution of HRM matters to line management. With respect to the design of HRM policy, it was deemed no longer acceptable for HRM policy to emerge in an unplanned, ad hoc manner. Rather, the preferred commitment was to an integrated HRM policy design approach characterised by internal consistency between the various policy areas as well as an attempt to align HRM policy initiatives with the business orientation of the organisation.

Despite these clear characterisations of HRM, Guest (1987) and Noon (1992) have argued that although the term HRM has been widely used and discussed it is still loosely defined. In response, Guest (1987, 1989) designed a HRM framework that allowed for the development of testable HRM hypotheses (see Table 4.1.). This framework focuses attention on relationships between valued outcomes of HRM, the HRM policy choices that should deliver these outcomes,

and the links with organisational outcomes that such initiatives should produce (Legge, 1995).

Guest (1987; 1989) suggests that there are four HRM goals: strategic integration, high commitment, flexibility and high quality.

Table 4.1 Guest's Normative HRM Model

HRM Policies	Human Resource Goals	Organisational outcomes
Organisational job design		High job performance
Policy formulation and implementation / management of change	Strategic integration	High problem solving
Recruitment, selection and socialisation	Commitment	Successful change
Appraisal, training and development	Flexibility / adaptability	Low turnover
Manpower flows – through, up and out of the organisation		Low absenteeism
Reward Systems	Quality	Low grievance level
Communication		High cost-effectiveness i.e. full utilization of human resources

(Source: Guest, D. E. (1987) Human resource management and industrial relations. *Journal of Management studies*, 24 (5), at p. 516.)

Guest (1987) has classified strategic integration as the primary goal of HRM and has identified three features of the goal. Specifically, strategic integration is defined as follows, " ...the ability of the organisation to integrate HRM issues into

its strategic plans, to ensure that the various aspects of HRM cohere and for line managers to incorporate an HRM perspective into their decision making" (1989: p. 42).[42] This description clearly reiterates the ideas of original writers in the area such as Beer et al., (1984), Tichy et al., (1982), Devanna et al., (1984), Dyer and Holder, (1988) and is also closely aligned with the definition of Strategic HRM, provided by Schuler (1992) who has similarly argued that:

> Strategic human resources management is largely about integration and adaptation. Its concern is to ensure that: (1) human resources (HR) management is fully integrated with the strategy and the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work (Schuler, 1992: p. 18)

Guest has argued that if human resources can be integrated into strategic plans in this way, and employees identify with the company, then the outcome will be that the company's strategic plans are likely to be more successful.

The other three goals associated with HRM complement the goal of strategic integration and are similarly predicted to result in positive organisational outcomes. The goal of employee commitment[43], for example, will be enhanced by attempts to integrate HRM more fully into organisational decision-making processes and will ultimately contribute to high job performance.[44] The third goal,

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[42] Guest's definition of the goal of strategic integration continues to be referred to by other writers as capturing the key components of the concept (See Bennett, Ketchen & Blanton- Schulz, 1998; Kamoche, 1998; Ritson, 1999; Thornhill & Saunders, 1998).

[43] Defined as "... both behavioural commitment to pursue agreed goals and attitudinal commitment reflected in a strong identification with the enterprise' (Guest, 1989: p. 42).

[44] Specifically, when an organisation recognises the importance of HR at the senior management level, attempts to create a coherent approach to HR policy design and encourages the support of line managers for HR initiatives, it clearly indicates to employees that they are a valuable resource within that organisation. Guest (1987) forms the theoretical proposition from this that organisational commitment will result in high employee satisfaction, high performance, longer tenure and a willingness to accept change.

employee flexibility[45], will result in a capacity to respond quickly and effectively to change and ensures more effective utilisation of human resources. Finally, the last dimension of HRM, the goal of quality[46] will result in high performance and cost effectiveness. Overall, Guest's tabular representation of the relationships between HRM policy, goals and outcomes makes a valuable contribution to HRM research. The clearly defined HRM goals capture the essence of what HRM sets out to achieve and as such provide a sound basis for testing the success or otherwise of the HRM approach.

Overall, within the discussion so far, there is consensus that remnants of the various developmental stages of the personnel role continue to co-exist, at times uneasily, within the function. Original key commentators in the area of HRM, including Beer et al. (1984), Tichy et al. (1982), Devanna et al. (1984), and Dyer and Holder (1988), point out that the more dynamic notion of HRM brings these disparate roles together and provides an integrated, strategic focus, not only within the function but throughout the organisation, such that everyone takes responsibility for HRM matters. These ideas have formed the basis of subsequent interpretations and definitions of strategic aspects of HRM. Within the definition of SHRM provided by Schuler and the normative model of HRM forwarded by Guest (1987;1989), for example, the HRM goal of strategic integration identifies

[45] Guest refers to functional flexibility which is "...the possession of 'flexible' skills among the workforce, together with a willingness to display flexibility by moving freely between tasks." (1987: p. 513). These flexible work patterns will be enhanced through an integrated planning approach to HR and high levels of organisational commitment.

[46] This is defined as "...all aspects of management behaviour, including management of employees and investment in high-quality employees, which in turn will bear directly upon the quality of goods and services provided "(1989: p. 42).

three key elements clearly drawn from the earlier writings. The three elements that characterise the HRM goal of strategic integration include: the full integration of HRM with organisational strategy; HRM policies that cohere; and the integration of HR within line management activities (Beer et al., 1984; Devanna et al., 1984; Dyer & Holder, 1988; Guest, 1989, 1987; Schuler, 1992; Tichy et al., 1982).

Within the next section the discussion concentrates on the central role of HRM in organisational strategy formulation. As noted above, this is seen to be a central feature of the HRM approach and as such requires further analysis.

The Connection Between Organisational Strategy and HRM

The field of strategic management had its origins in the work of Chandler (1962), who identified corporate strategy as a key determinant in changes to organisational structure (Capelli & Singh, 1992). He defined the nature of strategy to be:

> ...the determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary to carry out these goals (Chandler, 1962: p. 13).

Within this definition, strategy involves a long-term view of broad organisational commitments. Other models of the strategic process have provided detailed descriptions of how the strategic process is operationalised. Selznick's book, *Leadership in Administration* in 1957, for example, identified the need to match the organisation's internal state with external expectations. Later, the Design School model, developed by a number of business policy academics including Learned, Christensen, Andrews and Guth (1965) also argued that strategy is

formed where an internal appraisal of strengths and weaknesses is used to deal with external threats and opportunities in order to develop a distinctive set of competencies.

During this period Ansoff further explored the relationship between organisational strategy, the actions of competitors and market developments. In 1965 he published his text *Corporate Strategy* and began to identify the strategist as an operator with the purpose of transforming the firm from its present position to one that fits with outlined objectives (1965). This was referred to as gap analysis whereby a course of action is accepted if it substantially closes the gap. This approach was characteristic of what became known as the "Planning School" where models of strategic planning were focussed on checklists of factors to consider in the external audit, including economic, social, political and technological categories. It was in the 1980s, however, that the significant literature concerned with industry and competitive analysis was introduced. Porter's (1980) book, *Competitive Strategy,* dealt specifically with these areas and became the basis of the "Positioning School". This school accepted most of what had been laid down by the Design and Planning schools but it added content in that it emphasised strategies themselves more than the process by which they were formulated.

Mintzberg (1994a) took a quite different approach to the notion of strategy, distinguishing the planning orientation embodied by writers such as Ansoff and Porter from what he refers to as *strategic thinking.* Strategic thinking, unlike the analytical techniques described above, involves intuition and creativity. As a

result the process may necessarily be messy and devoid of neat formulae. In short, Mintzberg rejected the notion that prediction is actually possible, that strategists can be detached from the subjects of their strategies and that the strategic management process can be formalised. Quinn (1989) has similarly argued that it is necessary to adopt a more flexible approach to strategy and views strategic planning as an incremental process rather than a step by step system. He has suggested that:

> When well-managed major organisations make significant changes in strategy, the approaches they use frequently bear little resemblance to the rational-analytical systems so often touted in the planning literature. The full strategy is rarely written down in any one place. The processes used to arrive at the total strategy are typically fragmented, evolutionary, and largely intuitive (p. 45).

How then should strategy be approached? In his review of the question of what is strategy, Mintzberg (1994b) helps with this problem by identifying a number of possibilities. First, he acknowledges that strategy can take the form of a plan or a guide for action. Even though Mintzberg argues that strategy rarely follows such a rigid plan, organisations do develop such plans and as such these can be referred to as *intended* strategy. Next, he discusses the notion of strategy as a pattern or consistency in behaviour over time. These are designated as *realized* strategies. It is possible then for intended strategies to be realised or unrealised. A realised strategy that was intended is referred to as a deliberate strategy. There is a third case and that is when unintended strategies are realized - Mintzberg refers to these as *emergent* strategies.

In reality, strategy is some combination of the above. Organisations, for example, may use umbrella strategies where the broad outlines are deliberate and the details

are allowed to emerge thus recognising the need to react effectively to unpredictable events (Mintzberg, 1994b). Ohmae (1998) similarly refers to such strategic thinking as a combination of analytical method and mental elasticity.

Some companies such as IBM and Xerox have formalised this approach into 'phased program planning' where concrete decisions are made only in phases. Once an outcome is established the position is reassessed and the next phase is entered into. It may however become impossible to predict the future and the best that executives may be able to do is identify the most likely forces that will impact on their company and determine the best resource base and corporate posture that will help them survive (Quinn, 1989).

Mintzberg (1994b) adds two other interpretations of strategy; strategy as position and strategy as perspective. The former uses Porter's idea of how an organisation views the external market and the latter is an inward looking view that considers the grand vision of the enterprise. It is easier to see strategy as the former because eventual market position can be identified. An internal perspective, however, may not lend itself so easily to such 'decomposition'.

The real point of Mintzberg's discussion on the nature of strategy is that even though the planning literature may try to simplify the strategic process, it is far from simple. Strategy may be based in plans but it also includes unintended emergent outcomes. Further, as well considering market position, organisations need to ensure that strategic moves are consistent with their overall organisational perspective.

Against this debate around the nature of strategy, writers in the field of HRM have identified the associated problems for SHRM, warning that theory that tries to mesh HRM and strategic management should be careful not to gloss over important distinctions within the strategic management literature (Boxall, 1992). Any attempt to integrate HRM policies with strategy, for example, should acknowledge underlying assumptions about the approach taken to strategy formulation. If a planning model of strategy is taken then it can be assumed that HRM can be factored into that process at the outset. On the other hand, a belief in emergent strategy may make it more difficult to clearly articulate a match with HRM policy. Indeed, if decision making is seen as a political process and not a rational value free analysis, decisions do not flow in a predetermined logical order and it becomes more difficult to factor in clear HRM directions (Purcell & Ahlstrand, 1994).

Dyer (1984) has acknowledged the distinctions within the strategic management literature, and following Mintzberg's rationale, built a case for HRM strategy as an emergent pattern of activity. Accordingly, he defined HRM strategy as:

> ...the pattern that emerges from a stream of important decisions about the management of human resources, especially those decisions that indicate management's major goals and the means that are (or will be) used to pursue them (Dyer, 1984: p. 159).

Boxall (1992) suggests that in this definition, Dyer has provided a critical context within which HRM strategy can be analysed. The strength of the approach is that firstly, in drawing from Mintzberg's ideas, the description for strategic HRM does not fall prey to overly rationalistic assumptions that fail to acknowledge such

problems as strategic implementation. Second, Dyer's definition is useful because it captures the fluid, dynamic interpretation of strategy, and reflects strategic HRM as a stream of decisions. The ramifications of this iterative formulation of strategy are that any major review of strategic direction must necessarily go through a transition stage. Accordingly, it would be unrealistic to assume that a new HRM agenda would be fully integrated within the strategic planning process without allowing for a time period of re-adjustment and critical appraisal.

Having explored the restrictions associated with the definition of strategic HRM, it is now possible to consider some of the approaches to models of the strategic HRM process. Tichy, Fombrun and Devanna (1982) were among the earliest writers in strategic HRM. Adopting a classical planning perspective, they argued that effective organisational functioning consists of three core elements: mission and strategy; organisational structure; and human resource management (see Figure 4.2.).

Previously HRM had been absent from this loop, but with the emphasis that these writers placed on a more integrated approach to HRM, effective alignment of HRM with organisational objectives and structural decisions became critical. In order to prescribe how human resource systems can make a meaningful contribution to organisational development, Devanna et al. (1984) expanded Galbraith and Nathanson's (1978) attempt to align human resource systems with the strategic objectives of the organisation. Specifically, these writers designed four generic human resource systems that were consistent with Chandler's stages of organisational growth.

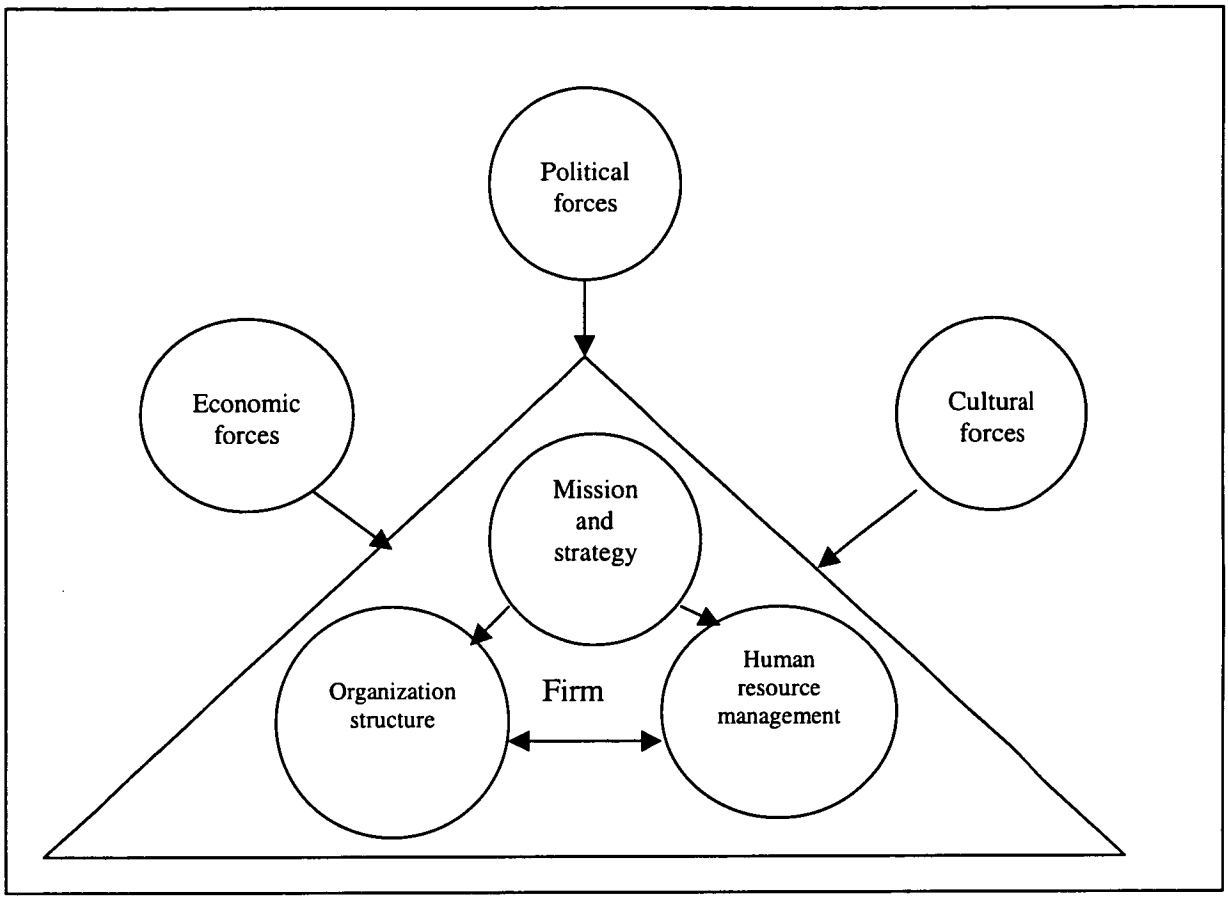

Figure 4.2 Strategic Management and Environmental Pressures
(Source: Tichy, N. M., Fombrun, C. J., Devanna, M. A. (1982) Strategic Human Resource Management. *Sloan Management Review*, Winter, at p. 48.)

Their argument was that in the same way that new strategies require structural alignment, an appropriate human resource system is also critical to drive the strategic objectives of the organisation. Devanna et al. (1984) argued that:

> ...Success in the implementation of strategic objectives depends to a great extent on how well the organisation has carried out its human resource cycle and selected the right people, measured the proper behaviours, rewarded progress against the strategic objectives, and developed the skills needed to ensure the success of the strategy (p. 51).

Subsequent conceptual frameworks have been developed to capture how the integration of human resources and strategy should be achieved. Some models concentrate on corporate strategies while others consider business level decisions. Before the discussion addresses these models it may be useful to distinguish

between corporate, business and functional strategies and the role that human resources can assume at various strategic levels.

Corporate strategy is understood to relate to intentions concerning the portfolio of businesses, whereas business strategies includes intended positions on specific product-markets and functional strategies concern marketing, production and sourcing intentions (Mintzberg, 1994b; Purcell & Ahlstrand, 1994). Porter (1987) had used the case of a diversified company to differentiate between corporate level strategy and competitive strategy by relating the former to company-wide decisions. The types of questions addressed at this level concern what business the company should be in and how the corporate office should manage the array of business units. Business or competitive strategies, on the other hand, relate to the competitive advantage in each of the business units. Porter suggests however that "...almost no consensus exists about what corporate strategy is, much less about how a company should formulate it" (1987: p.43). He notes, for example, the failure of companies that opt for diversification as an effective corporate strategic direction. He has advised that to ameliorate the negative consequences of diversification such companies should initiate sound corporate themes that unite the efforts of business units and reinforce the ways that they interrelate as well as guides to the choice of new businesses.

Purcell and Ahlstrand (1994) have similarly argued that a simple hierarchical view of strategy may actually be misleading especially when corporate strategies are associated specifically with central office and business strategies are associated with divisions. This distinction can become blurred when head office becomes

involved in business decisions and divisions contribute to strategic decisions. Purcell and Ahlstrand argue that:

> ...While it is generally true in multi-divisional companies that the corporate office is concerned with strategy and business units with operations, this can be misleading. An important part of the activity of head office is the control and monitoring of business unit performance, ensuring that budgets and performance standards are met. This can lead to a situation where corporate managers are actively involved in operational day to day activities (1994, p. 27).

Despite these definitional concerns, Purcell and Ahlstrand (1994) and Purcell (1989, 1995) attempt to link the concept of corporate level strategy with HRM within multi-divisional companies. Purcell (1989), for example, has developed a model of corporate strategy based on Chandler's (1962) distinction between strategy and structure and the notion that structure follows strategy. First-order strategies are defined as decisions on long- run goals and the scope of activities. These impact on second-order decisions which involve structural changes to achieve these goals. Finally, these strategies provide the context for functional or third-order strategies and it is at this level that Purcell includes HRM activity (see Figure 4.3.). It is argued that in times of environmental uncertainty, this positioning detracts from the successful development of HRM planning. Increased levels of decentralisation of decisions to divisions and the accountability pressures reduce the commitment to long-term planning and the concurrent development of human resource policies (Purcell, 1989).

As well as the consideration of the connection between corporate level strategy and SHRM, there has been substantial debate in the literature about the fit between business level strategy and SHRM policy development. Relevant models

suggest that HRM practices should fit the firm's business needs (Gunnigle & Moore, 1994). Within this analysis a contingency approach is taken that considers such factors as the organisation's stage of development or the competitive stance taken by the company.

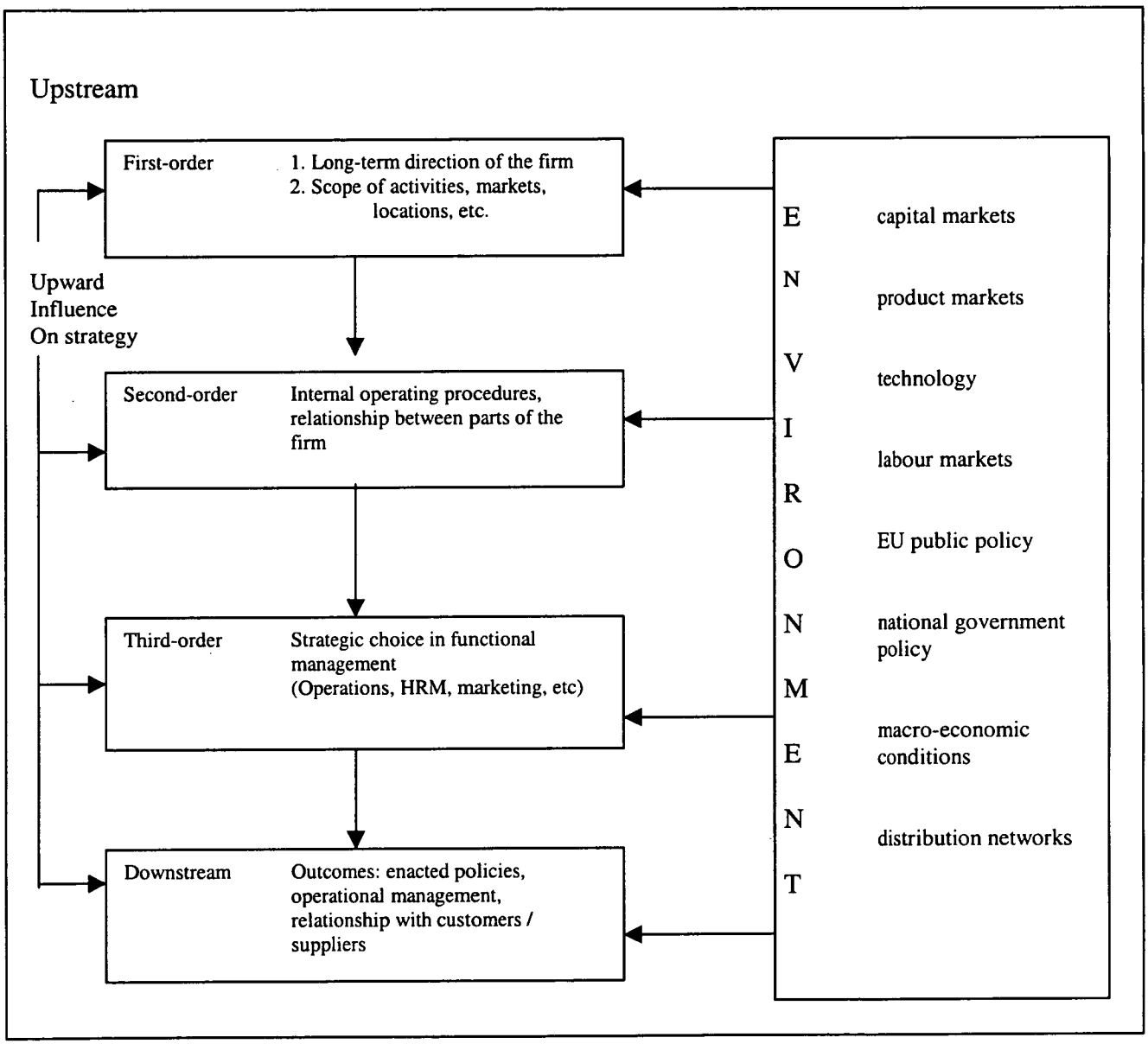

Figure 4.3 Purcell & Ahlstrand's Three Levels of Strategic Decision-making
(Source: Purcell, J., & Ahlstrand, B. (1994) *Management in the Multi-divisional Company.* Oxford: Oxford Univeristy Press, at p. 44)

Kochan and Barocci (1985) and Baird and Meshoulam (1988), addressed the match between policy areas such as selection, compensation, development and labour relations and the growth requirement levels of the organisation. Baird and Meshoulam (1988), concluded for example that as organisations grow, human resources programs and practices must also develop and become more complex and strategic in focus.

Writers such as Schuler and Jackson (1987), Miles and Snow (1984) and Dowling and Schuler (1990) have similarly proposed appropriate strategic HRM matching but they have concentrated on the alignment of particular HRM practices that fit with various competitive strategies. Schuler and Jackson (1987), draw from Porter's generic strategies of cost reduction, differentiation and quality enhancement to determine appropriate human resource matching. For example, they suggest that Porter's differentiation strategy would be supported by HRM practices that promote cooperative, interdependent behaviour that is oriented towards the longer term and encourages the exchange of ideas and the confidence to take risks.

Miles and Snow (1984), similarly discuss a suitable fit between HRM design and strategic orientation and although they labelled the business strategic approaches differently, they also make connections with Porter's business strategy classifications. They suggest that their description of a defender strategy that adopts a narrow and relatively stable product-market domain can be aligned with Porter's low cost producer. Their second classification of prospector, that is characterised by the continual search for product and market opportunities, can be

compared with Porter's differentiation strategy and finally their analyser distinction that operates in two types of product domains, one relatively stable and the other changing, could be said to be developing a focus or niche approach. Miles and Snow (1984) then specify the types of HRM system that would form the best fit with each of these approaches. For example, a defender strategy would require more extensive training from the HRM system as it is concerned with consolidation of market position whereas the HRM system within a prospector strategy would place greater emphasis on recruitment.

Dowling and Schuler (1990) developed the matching of competitive strategy and HRM philosophy to incorporate the earlier work on business life-cycle stage. Effective matching would balance a cost reduction strategy and a utilitarian HRM philosophy with an organisation in the mature/decline stage of its life cycle. Firms pursuing a quality enhancement strategy with an accumulation HRM philosophy should be more effective in the turnaround stage and finally firms pursuing an innovation strategy with a facilitation HRM philosophy should be more effective in the entrepreneurial / growth stage.

A number of observations can be made about these frameworks that connect strategy and HRM. First, the use of a rational, classical approach to strategy formulation has allowed these authors to formulate useful normative approaches to HRM policy development. Second, it is clear that at the theoretical level the models can be linked. The commonalities described by Miles and Snow (1984) have been supported by Legge (1995). Dowling and Schuler (1990) have also made a successful attempt to integrate the three variables of competitive strategy,

HRM philosophy and stage of growth. This common agreement between the typologies provides strength to the logic used in their design. This synchronicity is not enough, however, to ensure the successful integration of HRM with strategy and it is this issue that will be discussed in the following section.

Problems with the Matching of HRM and Strategy

The first problem with the fit between HRM and strategy is associated with the basic flaws in the assumptions underlying the classical rationalistic approaches used in the HRM planning frameworks outlined above. Writers in the broad area of organisational strategy such as Mintzberg (1994a; 1994b) and Quinn (1980), have strongly argued that there are flawed assumptions underlying an orderly approach that implies the ability to prepare for all eventualities. Within the area of HRM, Dyer (1984) and Boxall (1992), both address these concerns and urge that HRM strategy be defined as an emergent pattern of activity.

Hendry and Pettigrew (1990; 1992) and Whipp (1992), writing specifically on strategic human resources, similarly see strategy as a process that is decidedly ambiguous and unpredictable. Within the models of strategic HRM presented by Kochan and Barocci (1985), Baird and Meshoulam (1988), Miles and Snow (1984), Schuler and Jackson (1987) and Dowling and Schuler (1990), sound arguments are presented for a normative fit between HRM and strategic goals but the models do not address the process of integrating HRM into strategic planning. Hendry and Pettigrew (1990), on the other hand, identify not only the business strategy and HRM response as content, but consider the processes which link these. Using a similar processual approach, Whipp (1992), in a discussion of

competition as described by Porter, suggests that competition is a process, not a state, determined not only by the firm but by the sector and national contexts. Therefore the way that strategy occurs rarely conforms to a pattern of analysis and the impact of human resources on competitive performance is highly conditional, indirect and often as unpredictable as the process of competition itself.

A second major difficulty in the matching of HRM with organisational strategy is that HRM's role in the strategic process is still reactive. Purcell and Ahlstrand (1994), for example, classify HRM as a third order strategy that flows on from major decisions about the long term scope of business activities (first order strategy) and relationships between parts of the firm (second order strategy). Schuler's 1992 model reflects this reactive stance (see Figure 4.4). Directional arrows point from the strategy to human resources but not the other way. Schuler states that "...successful efforts at strategic HR management begin with the identification of strategic business needs" (1992: p. 30). Strategic HRM becomes instrumental in meeting these needs but does not determine the initial agenda. A more proactive model sees HR involvement as a central element of the strategy planning process. Torrington and Hall (1998) refer to 'holistic' and 'HR driven' models to describe a situation where people are recognised as the key to competitive advantage. The evidence suggests that whatever label is given, HR involvement in strategic processes is aligned more with a model of 'fit' rather than being 'HR driven'.

In summary, from the previous discussion it is apparent that within the traditional personnel role, vestiges of previous influences have continued to compete with

each other. At times the personnel professional has been faced with a disparate set of responsibilities and has, in response, made a reactive contribution to organisation decision-making processes.

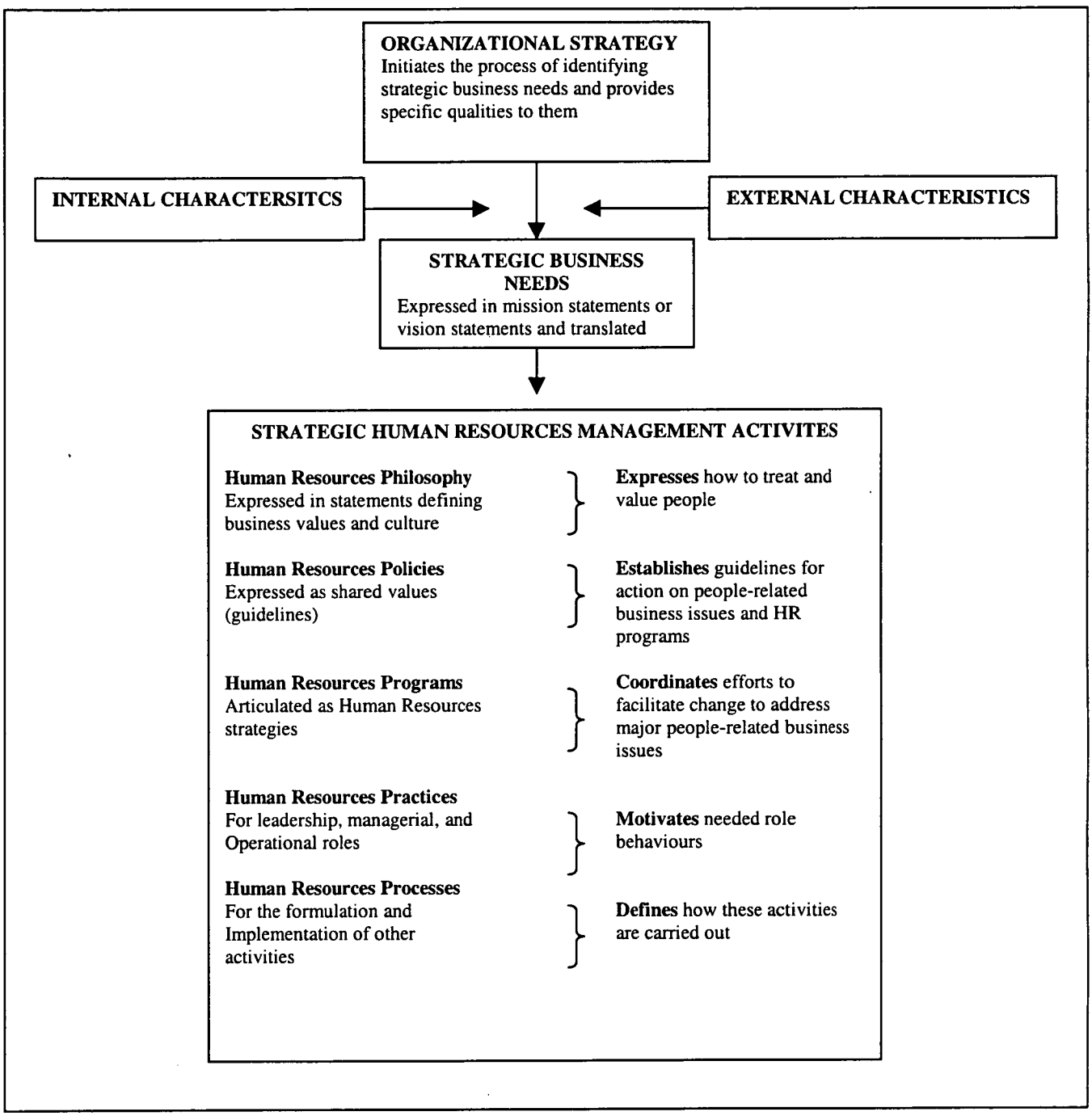

Figure 4.4 Schuler's Model of Human Resource Strategy

(Source: Schuler, R. S. (1992) Strategic human resource management: Linking the people with the strategic needs of the business. *Organizational Dynamics*, 21 (1). at p. 20.)

At the theoretical level, the HRM approach attempts to address this fragmentation and stands for an organisation-wide appreciation of the value of people as a critical resource. A key feature of the HRM approach has been the strategic integration of HRM. This can be characterised by the following three elements: the full integration of HRM with organisational strategy; HRM policies that cohere; and the integration of HRM within line management activities (Beer et al., 1984; Devanna et al., 1984; Dyer & Holder, 1988; Guest, 1989, 1987; Schuler, 1992; Tichy et al., 1982).

Writers who have explored more fully the area of strategic human resource management have developed frameworks and investigated the interaction between HRM and corporate and business level strategy. Initially, writers such as Devanna et al. (1984) prescribed the alignment of human resource management with the mission of the organisation and structural fit. Subsequent frameworks, such as those developed by Purcell and Ahlstrand (1994) provided more detail about how HRM would operate within the flow from first-order (long-term decisions) to second-order (structural changes) to third-order (functional) strategies, with HRM located as a third order strategy. There has also been substantial discussion about the fit between HRM and an organisation's business plans. Consistent and logical frameworks suggest appropriate matching of HRM practices to fit specific business planning approaches (Dowling & Schuler, 1990; Miles & Snow, 1984; Schuler & Jackson, 1987). Despite the neatness of these matching approaches, however, many writers have argued that strategy itself is a process not a state and such attempts to adopt a rational planning perspective may fail to consider the organic nature of the planning process (Boxall, 1992; Hendry & Pettigrew, 1990,

1992; Mintzberg, 1994a, 1994b; Quinn, 1980; Whipp, 1992). Rather than identifying HRM strategy as a rigid set of formulations, it may be appropriate to adopt a more fluid, dynamic interpretation of strategy that defines SHRM as an emergent pattern of important decisions about the management of human resources (Dyer, 1984).

Up until this point in the chapter the discussion has largely been a review of the normative frameworks for HRM and SHRM. There has been an attempt to capture the rationale behind the move towards a unified HRM approach and the logic within the frameworks presented. In the next section, the analysis will assess the success of the transition from a personnel management to a HRM approach. The discussion will review the current status of the acceptance of the HRM approach and consider the factors that may support or detract from the success of the transition.

The Current Status of HRM: Has a Transition Really Occurred?

The notion of HRM as conceived by Beer et al. (1984), Tichy et al. (1982), Fombrun et al. (1984), Dyer and Holder (1988) and Guest (1987;1989) clearly distinguishes the new HRM approach from the older personnel management style. There is some scepticism, however, that the transition has occurred and a concern that the strategic impact of HRM is still to be realised. For those involved in the HR function, the new focus implies major re-positioning and improved status within the organisation. The function has moved away from an administrative, 'housekeeping' role to one that makes a major contribution to the strategic planning and design of the organisation (Dowling & Schuler, 1990). Many have

welcomed the move away from what Tyson and Fell (1986) had called 'clerks of the works' to the role of 'architect'. Where the former was largely involved in routine administration and record keeping, the latter would be involved in policy formulation and management matters (Sisson, 1995). Not only does the revised role imply a new set of skills, it allows the human resources function to stake a more substantial claim on status, personal, resource and legitimate power (Shipton & McAuley, 1993).

Notwithstanding these descriptions of a revitalised HR function, there is good reason to believe that the human resource function is still to make the full transition from administrator to strategic partner. In the U.S., for example, the Society for Human Resource Management is concerned that the human resource profession is both undervalued and unable to justify a position at corporate levels (Clark, 1999). Key commentators such as Beer (1997), Lawler (1995) and Kochan and Dyer (1995) are similarly concerned that companies have not supported the new role of the HR department and that overcoming the obstacles to the transformation of the human resource function will not be easy. Lawler (1995) has suggested that those working within the HR function itself have not supported the HRM transition and that the HR function continues to be directed by individuals who are focussed on administrative activities "... human resource executives have not been and are not now strategic partners" (p. 46). At the broader level writers such as Kochan and Dyer (2001) and Becker et al. (2001) claim that HRM's full potential is yet to be realised. Kochan and Dyer (2001) have commented that :

> Countless national competitiveness commissions and at least three national commissions sponsored by current or former U.S. Secretaries of

> Labor have documented the need for country, as well as individual firms, to invest more in human resources. (2001: p. 273).

These authors note however that "...so far, these clarion calls have often fallen on either deaf or hostile ears" (Kochan & Dyer, 2001: p. 273). In Britain, the role of personnel management has gone through substantial review and attracted a great deal of debate and attention (Storey, 2001). Nevertheless more strategic HRM intervention is apparent in only a minority of organisations (Cunningham & Hyman, 1999). Sisson (1995), for example, has concluded that, apart from developments in greenfield sites, little has occurred that could be defined as a clearly integrated push toward a new HRM agenda. Personnel managers essentially remain in the role of 'clerks' and 'contract managers' rather than as 'architects'. Their main activities continue to be grounded in day to day routine administration. With respect to major planning and development of change, their role has been largely limited to dealing with the implications of these decisions which Sisson has suggested "...are far removed from the grander notions of strategy, strategic choice and 'regime competition' which have become some of the defining characteristics of HRM" (1995: p. 107). Storey (2001) similarly suggests that although HRM has taken a fairly secure hold within the language of business, HR's involvement in strategic development is still to be fully realised.

Storey (1992) reviewed 15 large organisations to assess the success of the transition to HRM and found that in only two of the organisations did the personnel function fit within the strategic and interventionist role of change maker. In 1995, Storey reported however, that there had been some change in the case companies and there was greater evidence of support for a strategic view of

HRM. In a similar attempt to review the status of the HRM approach, Hope-Hailey et al. (1997) conducted a five-year longitudinal review examining HRM and organisational transformation and concluded that "...it is unlikely that HRM in the stereotypical forms suggested by the models of the 1980s is being enacted in organisations a decade later" (p. 9).

There has also been some concern about the level of influence that the HR function exerts within the strategic decision-making process (Clark, 1999; Sparrow & Marchington, 1998). Purcell (1995) revealed that although senior personnel managers reported active involvement in the drawing up of key strategic decisions, finance respondents reported that the actual involvement of personnel managers was quite low. Overall, evidence related to the role of the HR function has suggested that HR involvement has been piecemeal and lacked a determined strategic focus (Hope-Hailey et al., 1997; Sisson, 1995; Storey, 1992). Accordingly, Sparrow and Marchington (1998) have concluded that in general the picture of the progress made by HRM is 'hardly flattering' and 'extremely disappointing' (1998: p. 25).

Within the Asia – Pacific region, research conducted by the New Zealand Institute of Personnel Management (1994) has found that "...the importance of strategic and effective human resource management to organisational success is widely recognised" (1994: p. 1). In their overview of the New Zealand enterprise, however, Campbell-Hunt and Corbett (1996) report that human resource management is an area of management that performs poorly. They suggest that there is a lack of attention to longer-term issues such as labour planning and a

poor linkage between training policy and strategic planning. This is the view also expressed in a survey conducted jointly by Wevers International Ltd and the New Zealand Institute of Management (NZIM) (1996). Specifically, a widening gap is reported between expectations and performance in several areas that were seen to be characteristic of an ideal state for organisational success. For example, there was a major reported gap in management's understanding of the impact of recruitment and selection on the future of the organisation and its performance. The research concludes that counter to the principles espoused by HRM, there is weak inclusion of stakeholders in decision making and communication of organisational priorities is not occurring. Finally, Johnson (2000), as part of the Cranfield international HRM project, examined the extent to which strategic HRM practices are followed in New Zealand organisations. The conclusion, made after a review of surveys sent to HR directors and non-HR staff in 531 organisations, was that "...a strategic approach to HR is at best moderate and best practices are only patchily applied" (Johnson, 2000: p. 69). Collectively, the NZ research indicates that even though there is recognition of the central notion of strategic HRM adaptation, full integration of strategic HRM is yet to be realised.

As previously detailed in Chapter 3, within the Australian setting the move to an HRM approach has been piecemeal and reactionary. The survey conducted by Dowling and Deery in 1984 of the membership of the Institute of Personnel Management, for example, revealed that activities that were more strategic in nature such as manpower planning and organisation review and analysis, were seen as primary responsibility areas by only 3 and 5 % of respondents respectively. Throughout the late 1980s the alignment between HRM and

business strategy continued to be weak. Collins (1987), for example, at the time acknowledged the critical need for a tighter fit between organisational strategy and personnel policy and practices but concluded that senior managers and personnel specialists had failed to adopt the necessary strategic mindset.

Kramar (1992), reported similar blockages to the implementation of HRM initiatives. In an in-depth review of three organisations that had formally adopted a commitment to link human resource policies to each other and to the business plan, it became clear that senior management, hindered by existing sets of behaviours, attitudes and expectations, simply did not fully support an HRM approach. Other writers provided some evidence of increased sophistication of personnel policy and practice and a growing awareness within executive management of the potential contribution that the personnel function can make (Limerick, 1992; Smart & Pontifex, 1993; Wright, 1995) but the changes were limited to certain sectors and larger organisations (Deery & Purcell, 1989). Overall, in Australia, as is the case elsewhere, the full movement away from a traditional administrative personnel role towards a more proactive and strategic HRM role may not yet realised. Having identified this potential gap between expected and realised HRM outcomes, the next section considers the importance of having HR managers who are HRM champions.

HR Managers as HRM Champions

Beer et al. (1984), Tichy et al. (1982), Fombrun et al. (1984) and Dyer and Holder (1988) have all stressed the need for organisation-wide commitment to human resource management. Before the process can unfold, however, those people

working within the HR area must clearly understand how HRM is different from the older style personnel and be prepared to fully support the necessary changes. In effect HR professionals must become 'HR champions'. Ulrich (1997) has explained that in this role they "...must not only appreciate HR issues, but master the techniques for creating value through HR practices" (p. 234). Specifically, HR professionals must achieve the following:

- See HR issues as part of a competitive business equation.
- Articulate why HR matters in business terms, starting with business value.
- Talk comfortably about how competitive challenges dictate HR activities (Ulrich, 1997: p. 21).

Unfortunately, there is some doubt that HR professionals are meeting the challenges present in the new role. Research by Huselid, Jackson and Schuler (1997) found that most HR managers were very proficient in the delivery of traditional technical activities but failed to effectively deliver strategic HRM capabilities. Sparrow and Marchington (1998) have similarly observed that many of those involved in the HR function continue to fail to understand the demands of their new role and lack confidence in their ability to be strategic partners.

Beer (1997) asserts that the resistance by HR managers to embrace necessary changes is a major block to the take-up of HRM principles. This is operationalised at a number of levels, from superficial changes in title through to a more substantial underlying change in focus. Sisson (1995), for example, writing about the status of the transition from personnel management to HRM, noted the opposition to the use of 'human resources' in job titles. In a large-scale survey in Britain in 1992, among a representative sample of multi-site companies with

1,000 or more employees, only 9% of senior managers responsible for human resources / personnel and industrial relations, had the phrase 'human resources' in their title (Marginson et al. 1993).

This evidence of initial resistance to a nomenclature change by those involved in the HR function may be accompanied by resistance to underlying HRM principles. Gennard and Kelly (1994) have observed, for example, that even when titles changes are made, HR managers continue to perform the same processes and activities that had been part of their more traditional personnel role. Clearly, this is cause for concern and Beer (1997) has warned that:

> ...HR professionals will have to shed their ambivalence about the new role. They will have to be comfortable with the uncertainty and ambiguity associated with all change. Nothing short of a bold approach will suffice. Nor will these efforts succeed unless HR executives take the initiative. They must impart to top managers a new vision of HR and propose frame-breaking changes in its organization (p. 55).

Ulrich (1997) and Swain (1999) have stressed the important role for HR managers as catalysts and facilitators in the move towards an organisation-wide commitment to human resources. The protagonists within the HR function need to fully understand and accept the HR role in order to be champions of the new mindset. They need to generate a realisation within the organisation that a commitment to HRM as a necessary pre-condition for organisational success and competitiveness. If they are not committed to the change it becomes difficult for them to act as effective transition facilitators for others.

From the preceding discussion it is clear that before HR professionals can convince other key players in organisations of the value of HRM, they must accept agree with and support HRM initiatives themselves. In the next section the discussion broadens to consider the direct impact of a range of factors on the success or otherwise of the strategic HRM goal of integration.

Factors Affecting HRM Integration

Within the review of the literature the strategic involvement of HRM has been recognised as a pivotal feature of the HRM approach (Baird & Meshoulam, 1988; Budhwar, 2000; Buller & Napier, 1993; Lawler, 1995; Lengnick-Hall & Lengnick-Hall, 1988; Martell & Carroll, 1995; Miller & Burack, 1981; Nininger, 1980; Purcell & Ahlstrand, 1994; Schuler, 1992; Torrington & Hall, 1998; Wright & McMahan, 1992). There is evidence however that strategic HRM is yet be fully realised (Beer, 1997; Campbell-Hunt & Corbett, 1996; Hope-Hailey et al. 1997; Kramar, 1992; Lawler, 1995). Accordingly, the discussion in the following sections attempts to identify some of the key variables that may affect the acceptance of strategic HRM initiatives.

Having established the importance of role played by those within the HR function, the following sections focus on the three areas associated previously with the HRM goal of strategic integration: the full integration of HRM with organisational strategy; HRM policies that cohere; and the integration of HRM within line management activities (Beer et al., 1984; Devanna et al., 1984; Dyer & Holder, 1988; Guest, 1989, 1987; Schuler, 1992; Tichy et al., 1982).

Integration of HRM with organisational strategy

Representation on the board of directors or the senior management committee is seen to be an important indicator of an organisational commitment to the HR function's involvement in strategy development. Such involvement ensures that HR specialists are present when key decisions are being made and they effectively become part of the central planning mechanism (Dowling & Boxall, 1994; Lawler, 1995; Poole & Jenkins, 1997; Shipton & McAuley, 1993; Sisson, 1995). An opposing view is that a presence on these central committees does not automatically mean high status and influence in the organisation (Kelly & Gennard, 1996). HR may be represented on the board of directors but may still not be fully integrated into the strategic decision making process. Further, failure to have a presence on the board of directors does not detract from the influence that Personnel can have. Direct access to the CEO through a formal reporting relationship, for example, can affect the degree to which senior management encourages and draws from HR for strategic input (Budhwar, 2000; Golden & Ramanujam, 1985; Lawler, 1995; Nininger, 1980).

As well as having direct access to the CEO those involved in HR may use more informal ways to exert influence. Sparrow and Marchington (1998) found that in a number of businesses where there was no Personnel presence on the board, the head of the function used informal networking and political interplay to ensure input into the decision-making processes. Hope-Hailey et al. (1997) have similarly noted that the factors affecting whether the HR managers played an 'architect' role were often connected with their personal influence with their

senior colleagues and the quality of their informal networking (1997, p. 15; see also Gennard & Kelly, 1997).

In order to operate effectively as a business partner, however, the HR manager needs to be able to understand the process and language of business. The specific challenge then becomes the development of business acumen and expertise (Dyer, 1999; Langbert, 2000; Lawler, 1995; Swain, 1999). Dyer and Kochan (1995) have argued:

> The strategic business partner role requires of its practitioners a set of competencies not always associated with human resources work. Some of the more commonly mentioned include: a business, as well as human resource perspective; a generalist, rather than specialist, perspective; knowledge of business dynamics, issues and vocabulary; knowledge of developments in relevant areas of the organizational environment (whether internal or external to the firm); diagnostic skills; consulting skills; and a willingness to take risks (p. 153).

This poses a significant shift for many HR managers and a number of commentators have expressed concerns about the ability of HRM professionals to take on this strategic challenge (Collins, 1985; Kane, Crawford & Grant, 1999; Miller, 1991; Moore & Jennings, 1993; Schuler, 1990; Swain, 1999). Beer (1997) has argued that a lack of appropriate business knowledge among HR professionals is perhaps the most formidable of the obstacles to the transformation of the human resource function and its role within organisational planning processes.

An important contributing variable to the level of business knowledge accumulated is the career path taken by those involved in HRM. In order to develop a fuller, broader understanding of business, HR professionals may need

to follow a different career track from the one that has traditionally been available. They may need to have greater line management experience and even accounting and finance exposure (Lawler, 1995). In case studies of companies such as Hoffman LaRoche and the Rank Organisation, business acumen was considered to be the key factor in successful HR management appointments (Ashton, 1996; Rubino, 1994;). At Hoffman LaRoche, this meant assigning the key HR management role to a Marketing Service Vice-President. Ulrich has described such an ideal HR career to be 'mosaic' rather than linear in structure: with HR professionals engaging in a diverse range of activities and responsibilities. He has argued that:

> ...HR professionals who are knowledgeable exclusively in industrial, employee, or human relations may be fully competent in their discipline but still fail to understand the essentials of the business in which their firms compete (1997: p. 252).

Ulrich then adds:

> Business acumen requires knowledge, if not direct operational experience in functional areas such as marketing, finance, strategy, technology, and sales, in addition to human resources (1997: p. 252).

From the preceding discussion it is evident that HR involvement in the strategic decision-making process cannot be taken for granted. A number of factors seemingly contribute to the integration and acceptance of HR personnel within the strategic planning mechanism. It has been argued that representation on the board of directors or at the senior committee level is critical if HR managers are to have appropriate input into strategic decisions (Poole & Jenkins, 1997; Shipton & McAuley, 1993). There may be other factors, however, that also impact on the influence that HR has on the strategic decisions that are made. These may include: direct access to the CEO through the formal reporting mechanism

(Budhwar, 2000; Golden & Ramanujam, 1985; Lawler, 1995; Nininger, 1980); the success of the informal network that the HR manager develops with key senior executives (Hope-Hailey et al., 1997; Sparrow & Marchington, 1998); and the level of business acumen that a HR manager may accumulate from a broad career background (Beer, 1997; Lawler, 1995; Ulrich, 1997).

Integration and HRM policy coherency

The second component of the goal of strategic HRM integration is concerned with HRM policy coherency such that human resource policies connected with selection, rewards and development are mutually reinforcing. The development of a set of coherent HRM policy areas was emphasised in the earlier writings on HRM (Devanna et al., 1984; Tichy et al., 1982) and continues to be acknowledged as a key dimension of HRM (Boxall & Dowling, 1990; Guest, 1987; 1989; Hendry & Pettigrew, 1990). Figure 4.5. depicts Devanna et al.'s (1984) human resource cycle.

Included in the design are the four generic activities that are performed by human resource managers in all organisations and the outcome, or dependent variable of performance which is the focus of all the human resource components. Specifically, the cycle connects the major tasks performed within HRM that include:

> ...selecting people who are best able to perform the jobs defined by the structure, appraising their performance to facilitate the equitable distribution of rewards, motivating employees by linking rewards to high levels of performance, and developing employees to enhance their current performance at work as well as to prepare them to perform in positions they may hold in the future (Devanna et al. 1984: p. 41).

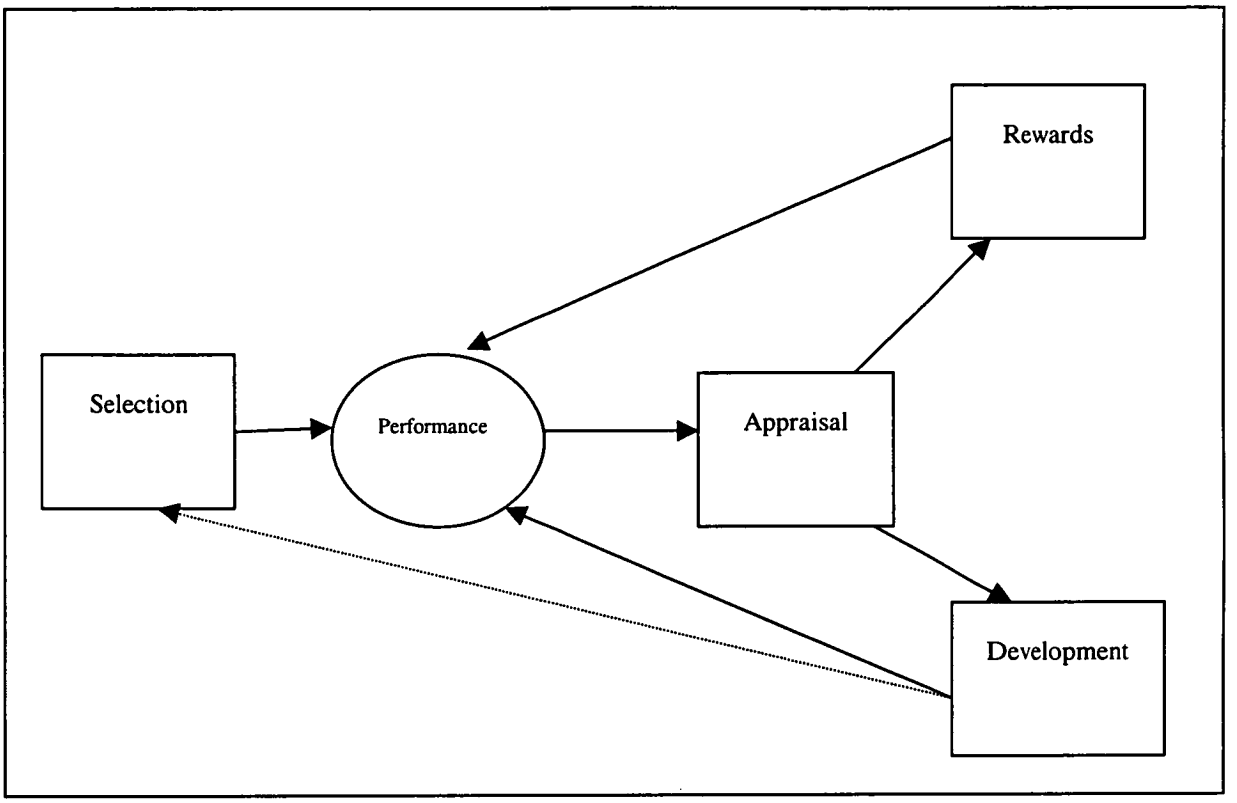

Figure 4.5 Devanna et al.'s Human Resource Cycle
(Source: Devanna, M., Fombrun, C., Tichy, N. (1984). A framework for strategic human resource management. In C. Fombrun, N. Tichy, M Devanna, (eds) *Strategic Human Resource Management*, New York: John Wiley & Sons, at p. 41.)

The design in Figure 4.5 suggests that the various HRM activities should reinforce each other and be consistent internally and also support the strategic orientation of the organisation.

This commitment to internal fit between HRM areas with organisational strategy continues to feature in the literature (Othman & Poon, 2000) and recently has been further explored using the resource-based theory (RBT) view of the firm (Boxall & Purcell, 2000; Ritson, 1999; Swain, 1999). The focus of the RBT approach is the development of a competitive advantage and how to achieve it. Previously, the industrial/organisational economics approach had argued that

profits come from positioning of the firm in relation to outside markets and assets such as people and all organisational activities should be matched with the resultant strategy. RBT on the other hand, argues that the organisation should be more aware of its unique bundle of assets and generate superior capabilities within the target markets (Cappelli & Singh, 1992). In other words, rather than only viewing the firm's position in relation to its competitors, the theory suggests there should be a greater focus on generating competitive advantage from within the organisation itself. This new focus presents an important role for human resources as clearly one source of unique advantage comes from building and defending a set of integrated human resources that add unique value which cannot be readily copied (Boxall, 1994).

In general terms, RBT talks about resources that may be defined as "...stocks of available factors that are owned or controlled by the firm" and capabilities that are defined as "...a firm's capacity to deploy resources" (Amit & Shoemaker, 1993: p. 35). Resources therefore, can be seen as a bundle of potential services, inputs into the production process, and capabilities can be seen as what the organisation can actually do with the resources in order to create a possible competitive advantage. Kamoche (1996) has applied this general principle to the area of human resources and has accordingly distinguished between human resources and capabilities. He posits that human resources refer to the "...accumulated stock of knowledge, skills and abilities that individuals possess which the firm has built up over time into an identifiable expertise" (1996: p. 216). HRM capabilities, on the other hand, refer to the capacity to deploy these resources. This implies a synergistic approach to HRM policy and practice that ensures a sustainable competitive advantage that is

not possible from the development of stand-alone HRM practices (Barney & Wright, 1998). An effective HRM practice in a particular area will provide value but not sustained competitive advantage. Wright and Snell (1991) have pointed out that within such a 'sub-functional view', where HRM policies are developed in a largely independent manner, required 'patterns' of HRM policy that support emergent strategic developments, are not in place. If strategic change is to be enhanced and supported by HRM policy, it makes sense to talk about integrated rather than fragmented HRM policy design (Dyer, 1993; Dyer & Reeves, 1995).

Other writers have emphasised the dangers of the imitability of the development of stand-alone HRM practices. It is only through the design of a synergistic set of HRM practices that capabilities can be developed that are rare, valuable, non-substitutable and imperfectly imitable (Barney & Wright, 1998; Becker & Gerhart, 1996; Lado & Wilson, 1994). Budhwar (2000) has prescribed a separate personnel management or HRM strategy document indicating a formal commitment to HRM integration. The presence of a written personnel management strategy acts as a guide to current priorities and clarifies HRM objectives. Overall, these writers agree that to be able to provide a source of competitive advantage that cannot be easily copied, HRM policies and practices have to be internally consistent and clearly connected with the strategic focus of the organisation.

Within the literature, the factors that would support the development of internally consistent and strategically focussed HRM policies and practices, rest with the vision of the HR managers involved and their participation in the strategic

decision making process. First, as mentioned above, Beer (1997) has suggested that the sort of person who has the necessary outlook required for a strategic human resource role is quite a different person from the traditional personnel specialist. The administrative and strategic role not only have difficulty existing in the same function, they do not easily co-exist in the same person. It would seem apparent then that a full understanding of the strategic integration between HRM areas may require an HR manager with a broader business view than would previously have been required. Second, these people would need to be part of the strategic planning mechanism in order to match the internal fit between the HRM policy areas with the business strategic initiatives developed at the senior committee level. The greater the extent to which senior HR directors are able to influence the strategic decision-making process, the more likely it is that effective HRM policy design will be achieved (Osterman, 1995; Poole & Jenkins, 1997).

Integration of HRM initiatives at the line level of management

Schuler (1992) and Guest (1987;1989) identify the third aspect of strategic HRM integration to be concerned with the attitudes and behaviour of line managers. This decentralisation of HRM responsibilities to the line has been acknowledged elsewhere as a key feature of the HRM approach (Armstrong, 1989; Budhwar, 2000; Cunningham & Hyman, 1999; Dyer & Holder, 1988; Lowe, 1992; Kirkpatrick et al., 1992; Purcell & Ahlstrand, 1995; Thornhill & Saunders, 1998; Torrington & Hall, 1998). It is argued that line managers':

> ... recognition of the importance of human resources and of the need to engage in practices which reflect this understanding is crucial to successful business management. Line managers must accept their responsibility to practise human resource management although they may

> use specialist resources to assist in policy development, problem solving, training and the like (Guest, 1987: p. 512.).

In a global study of key human resource processes conducted by Price Waterhouse and Cranfield University, Kramar and Lake (1998) found that in Australia, line managers do indeed share the responsibility for major policy decisions with HR managers. HR managers are more likely to take greater responsibility for IR, pay and benefits and OHS and line managers take more responsibility for work force expansion / reduction. Areas where line management responsibility has increased include OHS, training and development and recruitment and selection (Kramar & Lake, 1998). This is similar to the European pattern where there is a decentralisation of recruitment and selection and health and safety aspects of HRM (Brewster, 1995).

The relationship between line managers and Personnel is not necessarily a harmonious one (Cunningham & Hyman, 1995, 1999; McGovern, 1999; Poole & Jenkins, 1997; Renwick, 2000;). Guest (1989) has reported that line managers' ratings of Personnel effectiveness on factors ranging from administrative tasks through to the more proactive areas of employee motivation and involvement, were consistently lower than the ratings given by personnel managers themselves. When asked whether problems in achieving effectiveness were common to all service functions or whether the problems were more severe for personnel management, line managers reported that the problem was particularly severe among personnel people. More recently, Cunningham and Hyman (1999) reported that line managers lacked respect for personnel advisors, perceiving personnel specialists as remote and concerned with marginal issues.

Collins (1998) and Cunningham and Hyman (1995) have suggested that HR managers have similar doubts about line managers. Collins (1998) has reported concerns among HR managers that the devolution of administrative personnel tasks to line managers may place such responsibilities in the hands of uncommitted and underskilled managers. Cunningham and Hyman (1995) also noted the view among HR specialists that line managers do not possess the necessary people management skills. Guest (1989) has concluded that the consistent theme in this type of research is that personnel managers are less effective than they should be and line managers doubt Personnel's ability to really add value. This type of response is clearly at odds with the expectation that there should be a renewed organisation-wide acceptance and respect for HRM matters (Beer et al., 1984; Dyer & Holder, 1988).

In a review of the literature in this area, several factors seem to contribute to the tension between HR managers and line managers. First, the negative perception reported by line managers of HR managers may be the result of a mismatch of their respective understanding about the emphasis to be given to HRM matters. Line management may be caught up with the hard version of HRM that has a short-term, bottom-line focus while HR professionals focus on a longer-term, softer HRM orientation (Cunningham & Hyman, 1999; Kirkpatrick et al., 1992). The reason for this mismatch in perspective may be driven by the constant budgetary planning and control pressures that line managers operate under. The 'clammy hand of the accountant' sets management accounting priorities for line managers that often displace priorities that do not return immediate financial

rewards. There may be a perception that HR managers do not understand the real business of the organisation and only serve to create a distraction rather than add value to bottom-line results. As a result, HRM issues will be marginalised as the line manager, driven by budgetary pressures chooses to concentrate more on production matters (Armstrong, 1989).

A second contributing factor to the tension between HR and line management may be connected with differences at a more personal level. Lowe (1992), for example, in an analysis of the potential lack of line commitment and respect for HRM matters, has argued that in Britain, the gap in educational backgrounds between Personnel and supervisors, coupled with inadequate training and development may discourage supervisors from approaching HRM related tasks. The result of this gap is that supervisors may not feel equipped to deal with HRM demands and more importantly, because of the perceived educational gap between themselves and the people who promote HRM activities, may be unmotivated to ask for assistance (Lowe, 1992).

Lawler (1995) has argued that for successful HRM integration to be realised, the relationship between line and HR personnel needs to improve and both line and HR managers must become HRM champions: they must not only appreciate HRM issues, they must master the techniques for creating value through HRM (Ulrich, 1997). In a situation where line managers perceive that HR people have little appreciation of core business and day-to-day operational stresses, or where supervisors feel ill-equipped to comprehensively administer HRM policy, successful integration of HRM to the line is in doubt. Ulrich (1997) has suggested

that in order to break down these barriers both HR managers and line managers need to pursue broader organisational experiences in order to appreciate the alternate perspective. The implications of this for HR managers are the same as were described above in the discussion around the respect for the input of senior HR managers within the strategic planning process: to gain credibility, HR managers must adopt a business focus and become more aware of the bottom line. In short, to be effective, credible and respected champions for HRM, they require a much broader organisational perspective than can be gained from working solely within the personnel area.

Summary of the Literature Review

The objectives of the previous two chapters have been to compare the development of the personnel function in the U.S. and Britain with the development of the function in Australia. The analysis revealed similar influences and the conclusion was that the mix of personnel management issues in Australia, broadly mirrors the situation elsewhere. In the current chapter this has allowed the discussion to move into the exploration of generic theoretical HRM issues and concerns. The investigation began with a review of the competing roles and responsibilities that are apparent in the HR function. Writers such as Tyson and Fell (1986), Torrington (1989), Storey (1992) and Legge (1995), have distinguished a range of responsibilities that developed in response to historical and economic influences and continue to co-exist within the HR function. The observation has been made that at best this presents "...a challenging set of dualities..." (Lawler 1995: p. 59) and at worst, the continuation of what Drucker (1975: p. 269) had previously referred to as a "hodge podge".

Further discussion of the objectives associated with the new HRM approach, revealed that, at the theoretical level, the new HRM mindset attempts to address this fragmentation and elevate the status of the function by creating an organisation-wide commitment to the value of people and the management of the human resource. A critical feature of this unified approach has been the involvement of HR in central organisational strategic decision-making processes. Specifically, strategic HRM integration was seen to be characterised by three elements: the full integration of HRM with organisational strategy; HRM policies that cohere; and the integration of HRM within line management activities (Beer et al., 1984; Devanna et al., 1984; Dyer & Holder 1988; Guest, 1987, 1989; Schuler, 1992; Tichy et al., 1982). The development of the connection between HRM and strategic decision-making has prompted writers in the area to explore how a strategic human resource management approach would work and fit within existing organisational structures. Writers who have taken a rational planning perspective to develop appropriate frameworks, have prescribed a fit between HRM, structure and strategy (Devanna et al., 1984) as well as specific directives about how HRM should fit with corporate and business level strategy (Dowling & Schuler, 1990; Miles & Snow, 1984; Purcell & Ahlstrand, 1994; Schuler & Jackson, 1987). Other writers in SHRM have preferred to adopt Mintzberg's (1994a) more organic approach to strategic planning and have developed a fluid, dynamic interpretation of SHRM initiatives (Dyer, 1984; Hendry & Pettigrew, 1990, 1992; Whipp, 1992).

From this theoretical explanation about how the new HRM agenda seeks to redress the fragmentation legacy of personnel management, the argument within the chapter addressed the effectiveness of the transition from personnel management to HRM. A review of developments in the U.S. showed that although HR executives endeavour to become strategic partners, they have made limited progress (Beer, 1997; Kochan & Dyer, 1995; Lawler, 1995). In Britain the notion of HRM has also struggled to take hold and has failed to develop a determined strategic focus (Hope-Hailey et al., 1997; Sisson, 1995; Sparrow & Marchington, 1998; Storey, 1992, 1995). Writers in Australia and New Zealand have noted similar trends, reinforcing the idea that the acceptance of the HRM approach has been piecemeal and reactionary (Dowling & Deery, 1984; Campbell-Hunt & Corbett, 1996; Collins, 1987; Institute of Personnel Management, 1994; Kramar, 1992; Limerick, 1992; Smart & Pontifex, 1993; Wright, 1995).

Clearly, doubt about the uptake of HRM initiatives opens up questions about the actual level of commitment to HRM and the range of factors that support and detract from the successful integration of HRM. Accordingly, in the final part of the chapter as well as speculating about the level of support for HRM initiatives in Australia the discussion identifies possible key determinants in the successful transition from personnel management to HRM. A review of the literature in this area highlighted a number of key factors. In the discussion of each of the three levels of the strategic HRM goal of integration it became clear that not only must HR managers champion the strategic HRM agenda, they must have the relevant broad career orientation that makes them credible business partners (Beer, 1997;

Ulrich, 1997). Other organisational factors that may have a direct impact on the HRM goal of strategic integration include: HR representation at the senior committee level; the formal reporting relationship and the informal connection between the HR manager and the CEO (Beer, 1997; Golden & Ramanujam, 1985; Hope-Hailey et al., 1997; Lawler, 1995; Poole & Jenkins, 1997; Ulrich, 1997). Figure 4.6 depicts the factors highlighted in the literature that may impact on the successful realisation of the strategic HRM goal of integration and distinguishes between determinants that are generated within the HR function from broader organisational determinants.

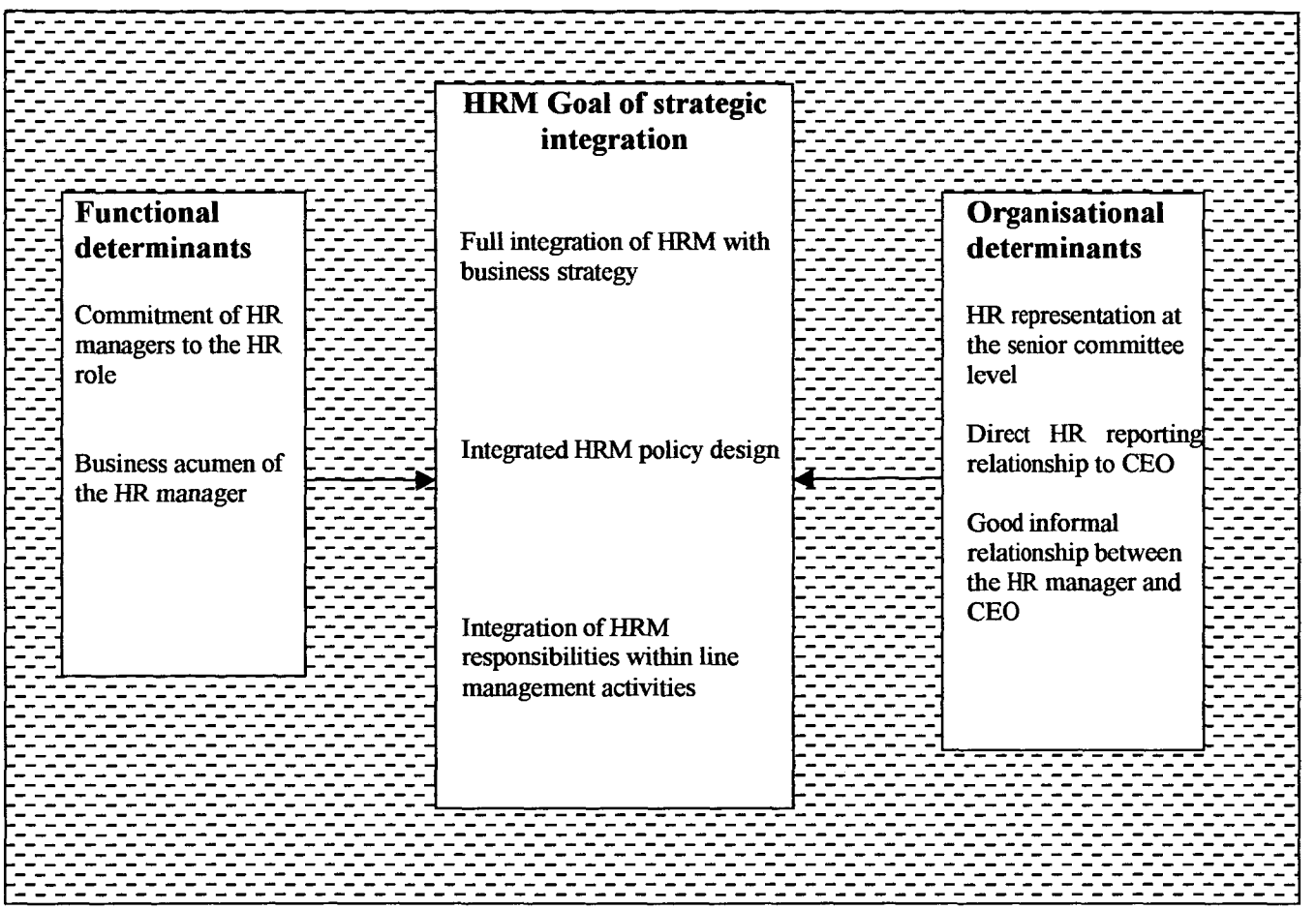

Figure 4.6 Factors that Impact on the HRM Goal of Strategic Integration

Conclusions

Overall, the analysis in this chapter has outlined how the HRM approach seeks to address the previously fragmented, reactionary personnel management stance. A key feature of the new HRM agenda has been a commitment to a more strategic approach to HRM issues. Despite advocacy within the literature, there is speculation about poor levels of support for strategic HRM initiatives in Australian organisations. The last comprehensive 'snapshot' of the HR role, however, was taken in 1984 by Dowling and Deery and clearly this information needs updating. Coupled with this dearth of descriptive information is the need to explore more fully the factors that may affect the successful realisation of the HRM goal of strategic integration in Australian organisations.

Chapter 5
Research Design and Methodology

Objectives of this chapter

The major objectives of this chapter are first to explore the possible theoretical approaches to research design and provide a rationale for the design selected in this thesis. Within the extant literature related to the success of the HRM goal of integration, a number of variables emerge that may impact on the success or otherwise of HRM initiatives. The full impact of these variables is yet to be determined however. Accordingly, the research design for this thesis will be more ex-post facto in emphasis than experimental and will primarily use an exploratory approach to the research questions. A second objective of this chapter is, on the basis of the literature review, to outline research questions and, where necessary, supporting propositions for the thesis. A third objective is to describe the research methodology to be used to explore the research questions and propositions. Both quantitative and qualitative methods will be used, thus incorporating the strengths of each approach.

Rationale for the Research Design

The aim of this thesis is to investigate the level of support for HRM initiatives in Australian organisations and consider the factors that support or detract from the HRM goal of integration. Within the previous chapters, the literature review in Chapters 2 and 3 has investigated the evolutionary path towards acceptance of HRM in the U.S., Britain and Australia. The conclusion from this analysis is that the economic and historical events that occurred in these countries had a similar impact on the mutual decision to

develop a HRM approach. This meant that in Chapter 4, the analysis of the literature could focus on the more generic issues associated with the differences between personnel management and HRM. The resultant discussion included the extensive literature on strategic HRM input and the normative arguments for positioning HRM in a more proactive and strategic organisational role. Specifically, strategic HRM integration was seen to be characterised by: the integration of HRM issues into the strategic planning process; the recognition of the need for HRM policies and practices to complement each other; and the willingness of line managers to incorporate an HRM perspective into their decision-making (Beer et al., 1984; Devanna et al., 1984; Dyer & Holder, 1988; Guest, 1987, 1989; Tichy et al., 1982).

Chapter 4 also explored the more descriptive literature that presents a less confident view of the actual uptake of HRM principles. It appears that even though there are sound reasons for a transition from the more traditional functional approach to one where HRM is integrated into all management and operational decisions, there are barriers to this transformation. A review of the literature highlighted a number of factors that possibly detract from or support the move towards a more strategic HRM role, but there is still a need for on-going clarification of the relative impact of each of these variables. In an attempt to further the research into this area and broaden the understanding of the variables that may be of relevance, the following section reviews possible design approaches for the research in the current study.

Davis (2000) has explained that there are two main approaches that can be used when setting up a research design: ex-post facto and experimental. The two types differ mainly in the researcher's relative control of the independent variables in the study. Ex-post facto research is non-invasive and does not set out to manipulate or control variables. Experimental design, on the other hand, clearly defines the independent and dependent variables and creates research conditions that aim to specify the exact relationship between two or more variables in the problem situation (Babbie, 1992; Helmstadter, 1970; Phillips, 1976). With respect to the current research, the relationships proposed between variables are still unclear, and more importantly the set of variables that may be of relevance is still incomplete. Accordingly the research design that will be used in the current research will be more ex-post facto in emphasis than experimental.

A key characteristic of ex-post facto research is the exploratory nature of the research design. Exploratory research does not set out to manipulate or control variables but rather monitors and analyses trends that occur independent of the actions of the researcher (Davis, 2000). This design approach allows the researcher to isolate key variables and relationships rather than test specific hypotheses in a formal and restrictive manner. Often the research results in more precise questions for future investigation (Malhotra, 1999; Neuman, 2000). Exploratory research builds in flexibility and possibility into the research approach and provides insights and understandings in areas where clearer definition of relevant variables is still occurring (Malhotra, 1999).

Within this exploratory design the research will adopt what Chalmers (1982) has referred to as sophisticated rather than naive inductive / deductive reasoning. Naive reasoning infers an ability to form generalisations on the basis of objective observations of the real world and implies the absence of an initial theoretical stance. Chalmers (1982) points out however, that observation statements are always made in the language of a specific theory; as scientists we normally have some idea or framework to work within, however vague (1982). Sophisticated inductive / deductive reasoning accepts that scientific investigation begins with some notion or theory that is to be tested. Chalmers argues that within such an approach an investigator can "... dispense of the claim that science must start with unbiased and unprejudiced observation" (1982; p. 34). With respect to the current research, the researcher acknowledges that although the design is exploratory and will draw upon inductive and deductive reasoning, the relevant literature in the area will determine the formation of premises and provide an initial framework to work within.

The Research Questions and Propositions

The aim of the research question is to build on existing knowledge by testing the relationships that have been postulated yet to also be open to new patterns and relationships. This recognises that theory building is emergent and constructs chosen are also tentative (Eisenhardt, 1989; Miles & Huberman, 1994). Two research questions capture the broad context of this thesis. The first research question is descriptive, providing an overview of the levels of support for HRM initiatives by HR professionals in Australian organisations. In line with the more exploratory nature of the research, the second research question is open-ended to allow for new insights into the phenomena

under investigation and is supported by 7 propositions. The research questions are outlined below:

Research Question 1:

What is the extent to which senior HR managers agree with and support strategic HRM initiatives in Australian enterprises?

Research Question 2:

In Australian enterprises, what do senior HR, Finance and line managers consider to be the key current and emerging supports and barriers to the success of the HRM goal of integration?

The purpose of Research Question 1 is to survey the attitudinal responses of Australian HR professionals to the proposed transition from personnel management to HRM. As previously identified in the literature, for the goal of HRM integration to be realised, a HR professional who cannot champion and represent the new HRM agenda makes it difficult for others in the organisation to be won over (Beer, 1997; Dyer & Kochan, 1995; Sparrow & Marchington, 1998; Torrington, 1989; Ulrich, 1997). In response, this research question aims to provide insights from HR professionals about their level of support for the transition from personnel management to HRM.

Research Question 2 is more exploratory than descriptive in nature. Accordingly a set of underlying relevant propositions explores specific variables that are identified in the

literature as being relevant to the successful realisation of the HRM goal of strategic integration. These variables are included in the present study to ensure that the research is aligned with previous work in this field but this does not preclude the possible emergence of other factors that may relate to the success or otherwise of the HRM goal of strategic integration.

The 7 propositions identified in Table 5.1 are designed to investigate the factors that support or detract from the following three aspects of the HRM goal of strategic integration: the full integration of HRM with organisational strategy; HRM policies that cohere; and the integration of HRM within line management activities (Beer et al., 1984; Devanna et al., 1984; Dyer & Holder, 1988; Guest, 1987, 1989; Schuler, 1992; Tichy et al., 1982). Propositions 1(a) through to 1(d) focus on the first aspect of the goal, the integration of HRM with organisational strategy. Several writers have suggested that an important determinant of the integration of HRM within strategic decision-making processes is the representation of the HR function in the central decision-making group, whether that be the board of management or a senior management group (Dowling & Boxall, 1994; Lawler, 1995; Poole & Jenkins, 1997; Shipton & McAuley, 1993; Sisson, 1995). This relationship is investigated in proposition 1(a).

Another factor that is considered to be important is the relationship between the HR manager and the CEO or MD. Lawler (1995), Golden and Ramanujam (1985) and Nininger (1980) suggest, for example, that access to the CEO through a direct formal reporting relationship can be a critical factor in the extent to which the HR manager is

part of the decision-making loop. Other commentators stress the importance of the informal relationship between the HR manager and the CEO. Hope-Hailey et al (1997; p. 15) have suggested that such relationships are characterised by discussions that are "emergent and informal" in manner. These writers also refer to the HR manager's perceived "personal influence" with other senior managers. Gennard and Kelly (1997; p. 35) describe a good informal relationship as "getting on with the MD". Accordingly, for the purposes of the current research a good informal or "close" relationship between the HR managers and the CEO or MD would be characterised by the CEO's willingness to talk matters over with the HR manager in an emergent and informal manner and their comfort with discussions that include personal as well as work related matters. The impact of the formal and informal relationship between the HR manager and the CEO or MD on strategic HRM integration are investigated in propositions 1(b) and 1(c).

Other writers have argued that it is not enough to merely have a place at the table, in order to be a genuine part of the decision-making dynamic, HR managers must demonstrate sound business knowledge in order to gain the respect of other senior managers. Researchers such as Beer (1997), Langbert (2000), Dyer (1999) and Ulrich (1997) have indicated that HR involvement is enhanced when the HR professional has broad business acumen. Ulrich (1997) has explained that the development of business acumen requires "...knowledge, if not direct operational experience in functional areas such as marketing, finance, strategy, technology, and sales, in addition to human resources" (p. 252). The impact of the business acumen of the HR manager on HRM integration into the strategic decision-making process is investigated in proposition 1(d).

Table 5.1 Propositions Associated with Research Question 2

P1(a). HRM integration into the strategic decision-making process will be greater when there is HR representation at the senior committee level.
P1(b). HRM integration into the strategic decision-making process will be greater when there is a direct reporting relationship between the senior HR manager and the CEO or GM.
P1(c). HRM integration into the strategic decision-making process will be greater when there is a good informal relationship between the senior HR manager and the CEO or GM.
P1(d). HRM integration into the strategic decision-making process will be greater when senior HR managers have greater business acumen.
P2. Greater integration of HRM policies and practices such that HRM policy areas complement each other and fit with organisational strategy will be evident when there is HR representation at the senior committee level.
P3(a). Line managers will be less willing to incorporate a HRM perspective into their decision-making when they are operating within strong budgetary and production constraints.
P3(b). Line managers will be more willing to incorporate a HRM perspective into their decision-making when they are working with senior HR managers who have greater business acumen.

Proposition 2 considers the role of senior committee representation on the second aspect of the goal of HRM integration, consistency between HRM policy areas, as originally emphasised by Tichy et al. (1982) (Poole & Jenkins, 1997). This feature of the HRM goal of integration is critical. Literature concerned with the resource-based view of the

firm have emphasised that a synergistic set of HRM policies and practices forms a human resource capability that could provide a significant source of competitive advantage (Barney & Wright, 1998; Becker & Gerhart, 1996; Cappelli & Singh, 1992; Kamoche, 1996; Lado & Wilson, 1994; Wright & Snell, 1991).

The final set of propositions, 3(a) and 3(b), consider factors that may affect the willingness of line managers to incorporate a HRM perspective into their decision-making. Proposition 3(a) investigates the impact of budgetary and production pressures on the potential marginalisation of HRM matters by line managers (Armstrong, 1989; Kirkpatrick et al., 1992).

Proposition 3(b) investigates the impact of the business acumen of HR manager on line managers' willingness to incorporate a HRM perspective into their decision-making. Lawler (1995) and Lowe (1992) have argued that if line managers are working with HR managers who can demonstrate an understanding of business pressures that are outside the personnel area, line managers will be more willing to take on HRM responsibilities.

Research Methodology

The research methodology used in this thesis includes both quantitative and qualitative analysis. Quantitative analysis typically uses large samples, involves structured surveys and is subsequently numerically and statistically analysed. This allows for the results from a representative sample to be projected to the entire population, therefore the results become generalisable (Davis, 2000; Malhotra, 2000; Robson, 1993). Van Maanen (1983)

has noted however, that some of the quantitative procedures have become so 'ritualised' that the connection between the measure and the concept under investigation may be weakened. A distance or gap may occur between the numbers and the context in which the numbers occur.

Qualitative analysis, on the other hand sets out to address this gap and provides "...well-grounded, rich descriptions and explanations of processes in identifiable local contexts." (Miles & Huberman, 1994: p. 1). Denzin and Lincoln (1994) have argued that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings which people bring to them. This may involve a variety of empirical approaches including case studies, personal experiences, introspection, life stories, interviews, observations, historical, interactional, and visual texts. With this application of a wide range of interconnected methods, the aim of qualitative analysis is to provide a more comprehensive view of the subject matter at hand. Dyer (1984) has argued that within the area of strategic human resource management, such an approach, specifically the use of case analysis, provides an important, more intense, understanding of key issues. For these reasons a qualitative perspective has been incorporated into the research design of this thesis.

The disadvantage of this approach is that qualitative studies often rely on only a few selected examples. This detracts from the generalisability of the findings to a wider group. The reader may also question to what extent these examples were selected because they support the researcher's argument (Layder, 1993). A further issue with

qualitative data analysis is that it requires a great deal of care and self awareness on the part of the researcher in order to temper the subjectivity involved in value judgements that are necessarily part of the qualitative research approach (Miles & Huberman, 1994)

A view held by many writers is that it is best to acknowledge the shortcomings of both quantitative and qualitative approaches to research design, and, if possible, incorporate both approaches in an attempt to neutralise the disadvantages and accentuate the benefits that each approach offers. Each approach can be seen to complement the other and together can produce a powerful analysis that neither approach could have produced alone (Jick, 1979; Layder, 1993; Malhotra, 2000; Miles, 1983; Neuman, 2000; Robson, 1993; Ticehurst & Veal, 1999).

Miles and Huberman (1994) outline a range of possible design combinations ranging from qualitative research followed by quantitative investigation, through to parallel data collection and quantitative work followed by qualitative research. The particular approach taken will be largely determined by the purpose of the research. Within the current study, initial investigations set out to determine the general perceptions about the role and status of HR as viewed by HR professional themselves as it was considered that this is an important first step in addressing factors that affect the HRM goal of integration. If this group of stakeholders are not convinced by the importance of the transition towards a HRM approach, it will be difficult for others to support the integration of HRM principles into organisational processes. Neuman (2000) and Davis (2000) have argued that when gathering such a large volume of attitudinal data, survey

questionnaires are a reliable convenient approach. Accordingly, the first part of the research design taken in this thesis, in line with the suggestions of Miles and Huberman (1994), Neuman (2000) and Davis (2000) is a quantitative wide-scale survey that aims to assemble broad information from HR managers about the status of HRM across a representative sample of Australian companies.

The second stage of the design, that is primarily qualitative in focus, involves in-depth interviews with both senior HR managers and other senior functional managers in multiple case studies. As well as validating the results of the survey findings, the in-depth interviews can provide a more 'holistic' integration of the various influences on the phenomena under review (Jick, 1979). This is in line with the suggestions of Denzin and Lincoln (1994) and Dyer (1984) that the use of case study analysis can potentially provide useful comprehensive, rich descriptions that may not emerge from more quantitative approaches to data collection.

Major Steps Taken in the Research Methodology for this Thesis

The research methodology in this thesis comprises four major steps: a review of the extant literature; the development, distribution and analysis of survey data; a pilot study to design a case study protocol; and finally, multiple case study work based on the experience from both the survey data and the pilot case work. Each of these steps is discussed in some detail below.

Review of the extant literature

Chapters 2 and 3 compared the development of the personnel function in the U. S. and Britain with the development of the function in Australia. Having established that the Australian experience broadly mirrors the situation elsewhere, the discussion in chapter 4 explored the effectiveness of the transition from personnel management to HRM. A review of developments in the U.S., Britain, New Zealand and Australia showed that although HR executives endeavour to become strategic partners, wider acceptance of the HRM approach has been piecemeal and reactionary (Beer, 1997; Campbell-Hunt & Corbett, 1996; Collins, 1987; Dowling & Deery, 1984; Hope-Hailey et al., 1997; Institute of Personnel Management, 1994; Kochan & Dyer, 1995; Kramar, 1992; Lawler, 1995; Limerick, 1992; Sisson, 1995; Smart & Pontifex, 1993; Sparrow & Marchington, 1998; Storey, 1992, 1995; Wright, 1995). The conclusion of this chapter was that doubt about the uptake of HRM initiatives opens up questions about actual levels of commitment to HRM and the range of factors that support and detract from the successful integration of HRM. Accordingly, in the final part of the chapter a number of factors have been suggested that may act as supports or barriers to the HRM goal of integration.

Development, distribution and analysis of the survey questionnaire

The aim of this part of the research was to review the perceptions of HR professionals about their role and their reaction to the changes that have occurred as a result of the movement away from personnel management towards a HRM perspective. This is an important step in understanding the status of HRM in Australia as the insights and perceptions of HR professionals about their own role impacts on how the transition is

acknowledged elsewhere in the organisation. Such a questionnaire is a valid exploratory research technique (Yin, 1994) allowing the researcher to identify current HRM issues from the point of view of a large group of HR professionals. The use of an instrument such as a questionnaire also ensures internal validity, a comparable response from different people, and generalizability (Miles & Huberman, 1994).

This part of the research was run in conjunction with the Australian Human Resource Institute (AHRI) as an officially approved, AHRI funded research project. A mail survey was chosen to collect the data as this technique has the advantage of canvassing the views of a large group of people in a consistent format for relatively little cost and allowing leisurely, considered responses (Davis, 2000; Malhotra, 2000; May, 1997). In June 1995 the 10,040 members of the Institute were sent a questionnaire and a letter in which the aims of the research were explained (see Appendix 1). The aims of the research were identified to be first, to develop a national profile of AHRI membership and second, to understand trends and developments within the human resources function. Respondents were not requested to identify themselves and they were assured that their response would form part of cumulative data. Reply-paid envelopes were not provided as this additional cost was outside the scope of the research project budget. An appeal was made, however, to the respondents to consider the cost of returning the questionnaire as their contribution to further raising the profile of the human resource profession in Australia.

The questionnaire was based on items used in Dowling and Deery's 1985 study of members of the Institute of Personnel Management in Australia (IPMA). Within that

study, the researchers set out to profile educational backgrounds, career paths, salary levels and leadership styles. There were also some items that dealt with the functions and responsibilities of personnel practitioners. Dowling and Deery's questionnaire was used as a starting point for the development of the questionnaire in the current research to allow for comparisons and a review of the changes to the profile of the HR professional in Australia. Additions were made to the questionnaire, however, to specifically accommodate Research Question 1.

A pre-test of the questionnaire (Galtung, 1967; May, 1997) was arranged where members of the AHRI Board and a number of academics and practitioners completed the questionnaire. As well as filling out the survey, these experts in the area provided written advice and made suggestions about changes that should be made to the questions in order to enhance the validity and relevance of the items (May, 1997). This process also ensured that amendments encompassed HRM developments in the last ten years (see Appendix 2 for a complete version of the questionnaire).

Questions included a mix of closed and open-ended items. Closed questions included categorical choice items that were coded to give frequency data and analysed using Chi Square analysis. These items addressed demographics as well as educational backgrounds, career paths and salary levels. Further categorical choice items dealt more specifically with the function of HR itself and covered areas such as the structure and size of the HR department, HR representation on the board of directors and at the senior

executive committee level, line of reporting to the CEO, key HRM responsibility areas, new HRM policy development areas and the perceived prestige of the HR area.

Other closed items used Likert scales to provide scores that formed the basis of descriptive analysis of the extent of agreement with these statements. These items provided important descriptive attitudinal information about perceptions of new developments in the area of HRM as well as information about the professionalism of current HR work and the importance of various factors in helping respondents attain their current position in HR. In general, the use of closed-ended questions in these areas provided uniformity across responses, reduced the possibility of misunderstanding the meaning of responses and allowed for easy coding of the data for quantitative analysis (Babbie, 1994).

Open-ended items were also included in the questionnaire. These questions allowed respondents to provide insights into issues in an unsolicited manner. This approach fits with the exploratory nature of the research design (Davis, 2000) and allowed respondents to suggest areas of importance rather than be forced to choose from a pre-formed selection of possibilities. This encourages a richer source of material that might not have occurred with a pre-coded list (Babbie, 1992; Malhotra, 2000; Ticehurst & Veal, 1999). Accordingly, open-ended items were used to address some of the key areas of research interest in this study. For example, the HR professionals were asked to identify what were, in their opinion, the most significant changes that had occurred in the HRM field in the last five years and to identify the issues that were predicted to have the greatest impact

on HRM in the next five years. A range of other open-ended items addressed such matters as line management's appreciation of HRM assistance and the use of consultants.

The coding of these responses adhered to Robson's (1993) suggestion to avoid deciding on response categories too early on in the coding process. Alternatively a large cross-section of responses were listed in the coding book and were reduced into sets of categories at the end of the input process. This approach retained the richness of the data and reduced the possibility of losing relevant information.

Structurally, the questionnaire was divided into two sections. Section A was aimed at all members of AHRI and sought details about demographic profile, features of the employing organisation, educational background, compensation levels, career paths, job satisfaction, location of the HR department and perceived levels of professionalism in HR. The aim of this section was to develop a profile of people associated with the HR area.

Section B was designed to be answered by senior managers in charge of the human resources activity in the organisation. The aim of this second section was to single out those professionals who had clear insights into developments and trends within HRM and who were more closely associated with the management of the HR area. Questions dealt with issues such as important new policy developments, perceived prestige of the HR department, relationships with line managers and representation at senior management levels.

Managing the limitations of the survey questionnaire approach

The use of the mailed questionnaire provided a comprehensive sample of HR professionals working in a representative cross-section of industries. This enabled the researcher to form a representative profile of those working in the HR area and survey a large number of responses about issues associated with the perceived trends and developments within HRM. This questionnaire also embodied the advantages of all questionnaires as noted by Neuman (2000). Respondents can complete the questionnaire when it is convenient for them and they can check personal records if necessary. Mail questionnaires also offer anonymity and avoid interviewer bias (Davis, 2000).

Nevertheless, there are some flaws in the use of survey data. Robson (1993) in a review of the advantages and disadvantages of the survey approach has noted:

> Falsely prestigious because of their quantitative nature, the findings are seen as a product of largely uninvolved respondents whose answers owe more to some unknown mixture of politeness, boredom, desire to be seen in a good light etc. than their true feelings, beliefs or behaviour (p. 125).

The problems referred to are largely associated with the inability of the researcher to control the conditions under which the survey is completed. Furthermore, the absence of face-to-face contact between the researcher and the respondent means that the respondent cannot seek further clarification of questions and the researcher cannot probe for more information. Additionally the researcher cannot be sure that the person filling out the survey is actually the most appropriate person. For example, someone other than the sampled respondent may open the mail and complete the questionnaire (Neuman, 2000).

These limitations were acknowledged and dealt with in the current study through the use of further research that adopted a more qualitative approach. Follow up interviews in multiple case studies allowed for the exploration of context, and tried to capture what Huberman and Miles (1994) refer to as the 'essence' of the people and situations under review. As well as providing richer detail it was hoped that the qualitative input would help to initiate new lines of thinking and fresh insights (Rossman & Wilson, 1991).

As noted above, the particular design chosen for this study that began with a quantitative survey and then used field work to more fully investigate nuances and influences that were undetected in the survey data, is one of the suggested design approaches put forward by Miles and Huberman (1994). These authors consider that the initial survey helps to highlight the phenomena of importance allowing the field worker to then develop a more comprehensive conceptual understanding of key phenomena.

Pilot case studies

Following the distribution and analysis of the questionnaire responses, the next stage in the research process involved field work and the design of a case study protocol that, together with the extant literature, would extend the information obtained from the survey data. To enhance the validity of the field work, two medium-sized Tasmanian based organisations were used in June 1998 to pilot-test the interview protocol; a hospital with 600 employees and a producer of high speed catamarans that has 950 employees.

Three people were chosen in each organisation for the interviews: the senior HR manager, a senior line person and the finance manager. One of the issues that became apparent in the distribution and analysis of the large scale survey was that the responses were taken only from those people who were actually associated with HRM activities and the responses could accordingly be biased. In the interviews it was hoped that the use of a cross-section of managers would provide first, confirmation or otherwise of the claims made by HR professionals and second, novel insights from managers who viewed HR from the outside (Purcell, 1995).

The pilot study was valuable in the refinement of the interview schedule and led to the decision to use a semi-structured interview design. Further, it was decided to use a set of core questions to be answered by all respondents, covering career background and general perceptions about the role of HR, and a set of auxiliary items that were of greater relevance to specific managers. For example, the HR managers were asked to talk about the full range of issues. Line managers however were only asked the core items and additional questions that dealt specifically with line level changes with respect to HRM responsibilities. Finance managers were not questioned as heavily about line level HRM responsibilities but were rather asked to comment more on the involvement of HR managers in the central strategic decisions that were made in the organisation. If it was clear that the line manager was senior enough to be involved in central decision making processes they were also asked to comment on the strategic role of the senior HR manager.

Multiple case studies

One of the methodological aims of this thesis was to use a case study approach to enhance the exploration of the factors that contribute to the success or otherwise of the HRM goal of integration. As noted previously, Dyer (1984) has argued that such an approach is particularly useful in the area of strategic human resource management, as it is an area that is complex and still in need of theoretical development.

Based on the large-scale survey response information it became clear that among those professionals who were working in the HR area, there was consensus about a number of key HRM developments. Having established this broad information base on the current status of HRM from the point of view of HR specialists, the pilot study work in the two organisations mentioned above, again confirmed these trends but added contextual insights and also incorporated the perceptions of other stakeholders in the organisation about the role of HR and the factors that could possibly be contributing to the successful implementation of HRM initiatives. This iterative process, that was also shaped by a continuing immersion in the extant literature, helped the researcher to form initial propositions and refine the necessary case study protocol for the next step in the research process, the review of multiple case studies.

Yin has defined a case study as an:

> ...empirical inquiry that
> - investigates a contemporary phenomenon within its real-life context, especially when
> - the boundaries between phenomenon and context are not clearly evident (Yin, 1994: p. 13)

Stake (1994) has explained that a case study may be simple or complex and the time spent may be long or short. The key characteristic of a case, however, is that the object of study is 'one among others', it is specific within a larger group. Stake goes on to identify three types of case study: an intrinsic case study that considers a single case for its own sake rather than for generic reasons; an instrumental case study that is selected in order to provide insight or refinement into an issue or theory; and a collective case study where instrumental interest is extended to several cases in order to investigate a common condition (Stake, 1994; Torraco, 1997).

Eisenhardt (1991), in a response to the suggestion that classic single case studies have the potential for greater theoretical impact than multiple case work, has argued that single case study work is not necessarily superior to multiple case work. Indeed she has suggested that many classic case studies are actually based on ideas generated across a number of settings and although the write-up of such cases may be restricted to a single setting the analysis often draws from experiences elsewhere. Furthermore, if such studies did not draw from a range of examples "...we will end up writing interesting stories, but create little in the way of generalizable theory" (1991: p. 626). Miles and Huberman (1994) have argued that multiple case sampling does add confidence to findings but does not ensure generalizability as it becomes extremely difficult to re-create the level of randomisation attained in extensive survey or experimental work. Nevertheless, the use of a great number of cases strengthens "...the precision, the validity and the stability of the findings" (1994: p. 29).

Case study protocol

The case study protocol provides a complete guide to the objectives, procedures involved including the selection of the target organisations and mode of entry into these companies, as well as the interview items and the proposed mode of analysis of the case information. In line with Yin's (1994) recommendation that each of these areas be outlined with care, especially in multiple case design, the following sections provide detailed information about the relevant aims and procedures used within the case as well as a rationale for the various approaches used. The protocol was developed prior to the pilot case study work and, on the basis of the insights and experience gained from the pilot testing, was further refined for use in the multiple case study research. The protocol that was used in the final case study work is provided in Appendix 3.

Case study objectives

The three major aims of the casework were as follows. The first aim was to investigate the perceptions of HR managers about the success of the HRM goal of integration. The second aim was to investigate the perceptions of finance and line managers about their view of the level of success of the HRM goal of integration. The final aim was to question all senior managers about the factors that supported or detracted from the success of the HRM goal of integration.

Selection of case study organisations

Eisenhardt (1987) has argued that given the limitations of the case study approach it is rarely feasible, nor necessary, to select a random group of cases when conducting multiple

case research. Rather, considering the limited number of cases that it is possible to study, a sensible approach is to choose cases that represent extreme situations or 'polar types'. Miles and Huberman (1994) have similarly argued that the choice of cases does not need to be made on representational grounds. These authors also specify that no more than 15 cases be used. Greater numbers complicate the analysis and can result in 'thinner' data.

On the basis of these suggestions the cases chosen for analysis did not try to recreate a cross-section of industry groups. An attempt was made however to identify companies that were characterised by some 'extreme' feature, as suggested by Eisenhardt (1987). For the purposes of this thesis, the British research by McGovern, Gratton, Hope-Hailey Stiles and Truss (1997) into the status of HR, provided some direction about a suitable group of organisations that held a relevant, identifiable, extreme set of characteristics. The British researchers chose to adopt a multiple case study approach and targeted companies that were noted for being at the leading edge of HRM practices and initiatives. Within the current research this feature was considered to be quite useful. If it could be taken as a given that people within the group of organisations were already committed to HRM principles, the research could assume that HRM principles were nominally supported, and concentrate more on the factors that enhanced or detracted from the degree of success of HRM integration.

Within the current research companies selected for sponsorship within the Best Practice program, had the necessary aforementioned characteristics. The Best Practice program in Australia was initiated in 1991 when, the Federal government in Australia announced in a

statement entitled, 'Building a Competitive Australia', the intention to introduce the program. The program was to be jointly administered by the Federal Department of Industrial Relations (DIR) and the Australian Manufacturing Council (AMC). The project was advertised and offered project assistance to firms that were willing to apply best practice principles. Later in 1992 a second round of applications were sought and eventually 43 companies were selected out of 453 applications. In 1994 a further round of grants targeted small to medium sized organisations and in that process 30 companies were selected from 260 applications. Overall, the funding, totalling over A$18 million, was awarded to firms on the basis of the plans that they prepared and details of how they proposed to reach best practice (Australian Trade Commission, 1992; Rimmer, Macneil, Chenhall, Langfield-Smith & Watts, 1996). One of the key features of the process, and the reason why these companies have been selected for inclusion in this thesis, was the focus on human resource issues in the program. Rimmer et al. (1996) have described the importance of human resource issues within the program as follows:

> The human element in best practice is paramount. Weaknesses in people, both managers and employees, are largely responsible for the performance gap between many Australian producers and their competitors (1996: p. 1)

Rimmer et al then add "Whether best practice succeeds depends mostly upon human intangibles" (1996: p. 1). This attention to HRM issues paralleled the commitment to HRM matters embodied in the organisations chosen for the McGovern et al. (1997) research. Accordingly, it was decided that these organisations would form a good base for testing the propositions that investigated the factors that support or detract from the HRM goal of strategic integration.

Within the definition of best practice applied in the program, the commitment to people development is clearly evident. The definition of best practice was as follows:

> A holistic, comprehensive, integrated and co-operative approach to the continuous improvement of all aspects of an organisation's operations – including leadership, planning, people, customers, suppliers, the production and supply of products and services, and the use of benchmarking as a learning tool. These practices, when effectively linked together, can be expected to lead to sustainable world class outcomes in productivity, quality, customer service, flexibility, timeliness, innovation, cost and competitiveness (Rimmer et al., 1996: p. 20).

Although other features of organisational operations are also given precedence, the underlying need to improve people management does feature strongly.

For the purposes of this thesis, fifteen of the Best Practice organisations were chosen in Melbourne, Sydney and Adelaide. This number was reduced to thirteen when it became difficult to secure ongoing interviews with members of the senior decision-making group in two Sydney-based companies. As mentioned above the best practice program involved two rounds of project grants in 1991 and 1992. Seven of the companies used for this thesis were successful applicants in these rounds[47]. In 1994, in the recognition that job growth in the small to medium-sized sector was becoming an international trend, the Australian Government designed a new round of grants targeting these enterprises. Six of the companies used for the current research were selected from the group that was successful in the small to medium sized company grants[48]. As well as being involved in the Best Practice program, all of the companies chosen for this research are operating in the private sector and are involved in manufacturing. This reduces some of the variation

[47] Two of the companies were successful in the first grant round and five were successful in the second grant round.

[48]The guidelines for applicants stipulated that small enterprises employ up to 50 employees and medium enterprises employ more than 50 but not more than 350 employees. The six companies that were in this category had more than 50 employees and therefore would be classified as medium-sized companies.

between the companies and controls for sector and industry differences. This also means that the selection of the companies has not been random. Eisenhardt (1987) has argued, however, that randomisation is rarely feasible, nor necessary, when conducting multiple case research.

Depending on the size and structure of the organisation, the site of the interviews with the respondents varied. If the organisation was very large, interviews with the senior HR manager and finance manager may have taken place in a central headquarters office made up of mainly administrative staff. In this case an attempt was made to interview a line manager on another production site. If the organisation was smaller, the central decision-making group were often on the same site as the production facility and the interviews took place on that site. Regardless of the site of the interviews, the aim of the research remained consistent; to access senior managers who were able to provide informed insights into the integration of HRM within organisational processes. Characteristics of the field study sample are outlined in Table 5.2.

Gaining research access to organisations

Initial contact was made through a telephone conversation with the senior HR manager in each organisation. The purpose of the research was outlined and it was explained that they had been chosen because of their involvement with the Best Practice company program. The senior HR manager was then asked to provide the names of a senior line manager and the senior finance manager. On occasions the senior HR manager set up interviews with these people but it was usually made clear that the researcher would

Table 5.2 Characteristics of the Field Study Sample

Company	1	2	3	4	5	6	7	8	9	10	11	12	13
Industry	Chemicals	Cereal Manufacturer	Car Manufacturer	Packaging	Office products	Air-Conditioning	Air-Conditioning	Smallgoods	Dairy food	Plastics	Chemicals	Steel	Industrial Screenprinters
Ownership	Large foreign-owned MNE*	Large foreign owned MNE*	Large foreign owned MNE*	Australian MNE	Australian MNE	Australian MNE	Australian MNE	Independent division of foreign owned MNE	Independent division of foreign owned MNE	Independent division of foreign owned MNE	Australian owned	Australian owned	Australian owned
No. of employees (Australia)	300	600	4 500	11 600	1 100	800	400	400	1 500	110	85	1 400	100
Site of interviews (No. employed on production site)	Aust HQ	Aust HQ & production site (300)	Aust HQ & production site (3000)	Aust HQ & production site (160)	Central. office & service centre (50)	Central office & production site (350)	Central office & production site (300)	Central office & production site (400)	Central office & production site (300)	Central office & production site (110)	Central office & production site (85)	Central office & production site (250)	Central office & production site (100)
Company location	Sydney	Sydney	Melbourne	Melbourne	Sydney	Melbourne	Adelaide	Melbourne	Melbourne	Sydney	Melbourne	Melbourne	Adelaide
Interviewees:													
HR manager	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Finance manager	✓		✓	✓	✓	✓#		✓			✓#		
Line manager	✓	✓	✓	✓	✓			✓	✓		✓#	✓	

* Australian division of large foreign-owned MNE

\# Telephone Interview

contact these people personally and arrange a time that would be suitable to the manager involved. In taking this responsibility it meant that the senior HR manager did not have to become unnecessarily responsible for the timetabling of interviews (Johnson, 1975).

Direct initial contact with the other senior managers also meant that the researcher was able to provide accurate information about the purposes and format of the research and set up interview times that were suitable for the people involved. The telephone contact with each manager was followed by a letter on University of Tasmania letterhead which stated the objectives of the research, confirmed the times of the interviews and thanked the managers for agreeing to be interviewed (see the Protocol in Appendix 3 for a copy of the letter). In several cases the researcher was unable to secure an interview with all three managers in each organisation because of access problems.

The format of the in-depth interviews

Face-to-face interviews were used in the research in an attempt to provide a more suitable environment to follow up interesting responses and probe underlying motivations (Robson, 1993; May, 1997). Unfortunately, the disadvantage of this flexibility is that there is a danger that the interviewer may become distracted and lose focus (Babbie, 1992; May, 1997). A solution to this loss of focus is to adopt a more structured approach to the interview. Accordingly, the current research incorporated a semi-structured interview approach where the expectation is that the interviewer can refer to a specific set of questions but he or she has the freedom to follow up, in their own way, areas that they consider to be interesting or important. The interviewer may decide for example to

modify the order of the questions, change the wording or even leave out certain items that do not seem to be appropriate (Robson, 1993). This provides the necessary structure without losing the flexibility advantage of the face-to-face approach; it has the "...best of both worlds" (Phillips, 1976: p. 228).

The decision to include this added structure within the interviews was reinforced by the pilot study case study experience. At that time, when the interviewer was comparing the opinions from various stakeholders about their perceptions of the input of HR managers into the strategic decision making process, it became clear that a uniform and clear statement of exactly what this involvement would look like in practical terms was helpful for later comparative analysis. Again, when comparing the perceptions of HR and line managers about the perceived change in HRM duties at the line level, it became useful to work from a list of HRM practice areas and ask respondents to identify how responsibility for each of these areas had changed in the last three years. On the other hand, the retention of the flexibility of the semi-structured approach allowed the interviewer to probe the more exploratory areas associated with the factors that help with and detract from the successful integration of HRM into the strategic decision-making process and into line level responsibilities.

To assist with the wording of the more structured items of the interview, Miles and Huberman have suggested that it is useful to consult interview schedules used in prior studies (1994). In response to this suggestion, the researcher made contact with colleagues in the area and copies of relevant interview schedules were attained and

incorporated into the interview format (for example, Poole & Jenkins, 1997; Hope-Hailey et al, 1997; Kelly & Gennard, 1996). Other items which were more specifically related to HR involvement in strategic decision-making processes, were taken from the text and appendices of the relevant research work of Purcell (1995) and Buller and Napier (1993). Where items were drawn from other research work, this has been clearly acknowledged within the interview protocol in Appendix 3.

The format of the interviews was as follows. The interviews began with an outline of the objectives of the research and an assurance that the respondents would remain anonymous in any written research reports. It was explained that the interview would take about an hour and that although there were a number of structured items, the interviewees were free to interrupt and direct the course of the conversation. Where the respondent was requested to provide a rating on a scale or to rank responses, they were provided with a copy of these questions. Permission was also obtained to tape-record each interview and these tapes were subsequently typed as verbatim transcripts of the interviews that were later checked against the tapes to ensure the validity of the script material (Ticehurst & Veal, 1999). At the end of each interview the interviewer requested copies of any relevant company documentation including copies of the strategic HR plan, mission statements, company reports, in-house newsletters and HR procedure manuals.

In cases where it was not possible to organise a face-to-face interview with a manager, the researcher used a telephone interview. Some authors suggest that the telephone interview approach, as well as being convenient and retaining the flexibility of a face-to-face

interview, allows respondents to talk in a familiar setting without the feeling of personal invasion that can sometimes occur with a face-to-face interview (May, 1997). Davis (2000) has also argued that the telephone interview limits visual distractions so that both the researcher and the respondent can focus entirely on the material at hand.

Managing the limitations of the interview method

Several difficulties associated with the use of the interview method are identified in the literature. Denial of access to the targeted company, for example, raises a substantial initial block. Potential respondents may deny a request for an interview because they cannot see the importance or relevance of the research for themselves or for their company (Kirvin, 1992; Robson, 1993). Furthermore, as argued by Swanson, Watkins and Marsick (1997), interviews are time-consuming and respondents may hesitate to agree to an interview on the basis of time pressures. Yin (1994) has also argued that interviews demand a high level of competence and commitment from the interviewer. Furthermore, the validity of the interview process may be thwarted by interviewer bias and poor interviewer recall.

In this study several steps were taken to reduce the impact of these factors. In order to address the access problem contact was made through the senior HR manager in each company and it was explained that this study was related to work that had previously been carried by out AHRI, the professional body. As a result these managers could see that their involvement in the research was a way of contributing to their profession. This connection with the HR manager provided a point of access to the senior finance and line

managers. In some cases this group of senior managers, however, were less willing to participate than the HR managers, as HRM matters held less immediacy for their work. Despite this, in several cases it was possible to organise a telephone interview with the relevant senior line manager or finance manager (these interviews are identified in Table 5.2). With respect to the problem of poor interviewer recall, the use of a tape recorder and the resultant scripts provided a very accurate record for later analysis. Interviewer bias was also reduced with the use of a semi-structured interview schedule and multiple interviews on the one site. The semi-structured layout of the interview schedule improved reliability of question delivery. The use of a number of respondents from within the same company who provided comments on the same questions, also helped to ensure that cross-validation was built into the interview schedule.

Analysis of the case data

Yin (1994) has suggested that the analysis of case study evidence is particularly difficult because of the flexible structure of the data. In order to avert possible problems in the analysis of the data the researcher took several steps to avoid the loss of valuable insights. First, a mix of quantitative as well as qualitative data can introduce cross-validation in the design (Eisenhardt, 1989) and this has been incorporated into the current study. As well as allowing the interviewee to direct the course of the conversation in many areas, some issues were specifically addressed with quantifiable replies. These replies were coded and input into a spreadsheet format using Microsoft Excel 97. Data was then transferred to SPSSX for descriptive frequency analysis. The number of interviews were relatively small in terms of statistical sampling and this reduced the possibility of producing

meaningful statistical comparisons. Nevertheless, when comparing responses across different managers within the same organisation, these quantified replies further reinforced any perceived differences in their open-ended replies. The request for quantified data, such as a rating on a Likert scale, also prompted the interviewees to think quite carefully about their responses.

A second suggestion for enhancing the analysis of case study data is to ensure that the researcher returns to the research questions and the relevant propositions when organising the data (Yin, 1994; Ticehurst & Veal, 1999). An early attempt to incorporate this within the case study protocol design facilitated this process. As mentioned previously, the propositions that support the second research question in this thesis were largely formed in an iterative process that drew from the completion of the large scale questionnaire, the pilot case work experience and the ongoing immersion in the extant literature. During the process, following the suggestions of Yin (1994) and Ticehurst and Veal (1999), propositions were drawn up and specific items were designed in the interview schedule to support these propositions.

Finally, the researcher made use of a qualitative analysis package, as advised by Ticehurst and Veal (1999) and Miles and Huberman (1994). The software selected, QSR NUD*IST 4[49], is widely used and is noted for its effectiveness in coding, shaping and understanding data (Miles & Weitzman, 1994; Ticehurst & Veal, 1999). NUD*IST

[49] QSR NUD*IST is a registered trademark of Qualitative Solutions and Research Pty Ltd., Box 171 La Trobe University PO, Victoria, Australia, 3083.

stands for Non-numerical Unstructured Data* Indexing Searching and Theorising. The software is organised into two interlocking subsystems, linked by search procedures. The coding approach used in the application of the software in the current research, occurred in two stages. First, the Document System contains information about every document and optionally a memo about it. By exploring and coding the document the researcher can link sections of the text to categories that make up an index system. Second, the Index System is made up of nodes, which relate to key themes that emerge out of the research. These nodes are constructed by the user and can be further divided into sub-nodes. The outcomes is a tree-structured indexing system that allows the user to organise ideas and categorise data. The researcher can search documents or coding at the nodes to discover and explore patterns and themes.

Stage one coding

Initially, the completed verbatim scripts of all typed interviews were imported into the Document system of the program. The next step in the analysis was to begin to build the tree structured index system. This required the researcher to develop a number of initial nodes, or categories. As noted previously, the semi-structured interviews were designed to fit with the research questions and supporting propositions. As a result the three primary nodes that were established were as follows:

> Node 1: HR involvement in strategic decisions (abbreviated to 'Strategic Decision-making')
> Node 2: Strategic HRM policy development (abbreviated to 'HR Policy Design')
> Node 3: Devolution of HRM to the line (abbreviated to 'HRM Devolution')

Once these nodes were established, further nodes were attached that again followed the line of questioning in the interview schedule. For example within Node 1, data was

further extended to include the comments relating to the various sections of the interview schedule and to also account for the insights of the various managers. Table 5.3. provides an example of the nodes used to capture the line of questioning about the level of involvement of HR managers in the strategic decision-making process.

Table 5.3 Data Coding for Node 1

Coding	Phenomenon
1	Strategic Decision Making
1 2	HR Involvement
1 2 1	Drawing up proposals
1 2 1 1	HR managers
1 2 1 2	Finance managers
1 2 1 3	Line managers

Stage two coding

Once the interview scripts had been fully scanned and allocated to the emerging code structure, a further node was created under each of the three primary nodes called 'Results'. Using NUD*IST, a search for common themes within each of the nodes provided information about emerging supports and barriers to each of the areas associated with the HRM goal of integration. The addition of data to the results nodes was an iterative process in line with the more exploratory nature of the research.

Overall, the analysis of the case material incorporated both quantitative and qualitative approaches. The quantitative analysis served to provide some descriptive insights into the level of HRM integration as perceived by HRM stakeholders and the qualitative analysis helped to build up an understanding of the context within which HRM operates and provided some important cues about the factors that affect the HRM goal of integration.

Summary and Conclusions

The first objective of this chapter was to explore possible research designs and provide a rationale for the most suitable approach for the research area of the thesis. A review of the literature into the HRM goal of integration revealed that although a great deal has been written about strategic HRM, there is still a need for research that clarifies the level of support for HRM initiatives in Australia and the factors that support HRM strategic integration. Accordingly, the current research has focussed on these areas and has adopted both a descriptive and exploratory approach. The descriptive work is used to review current levels of support for strategic HRM integration. The more exploratory work has used both inductive and deductive reasoning to identify relevant factors that may impact on these levels of support. Specifically, the research assumes a sophisticated inductive / deductive approach where the researcher acknowledges that any generalisations made on the basis of observations of the real world, are based in the language of some existing theory (Chalmers, 1982). Accordingly, rather than assuming the absence of an initial theoretical stance, the inductive / deductive reasoning processes used in this research acknowledge reference to the established literature in the area.

The second objective of the chapter, the formulation of the research questions and supporting propositions, drew from the extant literature to develop a specific research direction for the thesis. Finally, the third objective was to provide a rationale for the research methodology to be used in the thesis. In an attempt to neutralise the disadvantages of using either a quantitative or a qualitative approach, the research incorporates both types of analysis.

The research approach taken in the thesis comprises four major steps: a review of the extant literature; the development, distribution and analysis of survey data; a pilot study to design a case study protocol; and, multiple case study work based on the experience from both the survey data and the pilot case work. The following two chapters will report both on the results associated with the survey and case work and the implications of these findings for the relevant research questions. The aim of Chapter 6 is to provide an analysis of the large scale survey of HR professionals that will be used to investigate Research Question 1:

> *What is the extent to which HR professionals agree with and support strategic HRM initiatives in Australian enterprises?*

The aim of Chapter 7 is to report on interviews from 13 Australian best practice organisations, the results of which will be used to analyse the data with respect to Research Question 2:

> *In Australian enterprises, what do senior HR, Finance and line managers consider to be the key current and emerging supports and barriers to the success of the HRM goal of integration?*

Chapter 6
Results from the Survey on the Status of HRM in Australia

Objectives of this Chapter

The objectives of this chapter are to report on the results of the survey of the membership of the Australian Human Resource Institute (AHRI) and analyse the data with respect to Research Question 1. Results will be reported for the entire sample as well as for a sub-sample made up of senior HR managers. This segmentation of the data supports two levels of investigation. First, the review of the entire sample provides a detailed profile of the HR professional in Australia in terms of their age, gender, educational background and career path. This information is relevant in any discussion about the calibre of the professionals who work in the HR area and their ability to cope with transitional demands. Second, the responses of the most senior HR representatives in organisations are analysed to determine how well this group of professionals agree with and support strategic HRM initiatives in Australian organisations.

Introduction

The questionnaire used in the survey was clearly divided into two sections (See Appendix 2). The first section was designed to include all AHRI members and covered a wide range of items related to Institute matters and general HRM trends. The second section was designed to capture more detailed HRM information. Specifically, the researcher wanted responses from HR managers who have a clear idea of HR's strategic role and involvement in policy planning. The second section was printed on paper of a different colour and was preceded by a cover page with the explanation that the section

was to be answered only by those persons who were the most senior managers in charge of the human resource function in the organisation for which they work. Accordingly, the analysis first provides details related to the entire sample, followed by a review of specific responses of the sub-group of senior HR managers.

Survey Response Details

Table 6.1 shows response details for the entire group of respondents. A total of 2829 out of 10 040 questionnaires were returned giving a response rate of just over 28.2%. Of this group, 2795 were useable, representing 27.8% of the questionnaires distributed. A total of 34 incomplete questionnaires were returned: 6 with a covering note or letter explaining that they deemed it inappropriate to participate in the study and 28 questionnaires were returned because the addressee could not be located.

Table 6.1 Analysis of Response Rate

	n*	%
Questionnaires returned	2795	*27.8*
Questionnaires returned but not useable	34	*0.3*
Respondents who completed Section A only	2795	*27.8*
Respondents who completed Sections A & B	883	*8.8*

*n = 10040

As explained above, the questionnaire was divided into two sections with Section B to be completed only by senior managers who had ultimate responsibility for the human resource function within their organisation. A total of 883 respondents completed this section. This sub-sample was further reviewed to ensure that respondents fitted into the profile of senior management. Though their titles may vary, such persons would be ultimately responsible for specialist human resource activity in their organisation. The

resultant group of 322 respondents, who will be singled out later within this analysis, were senior HR managers, with a base salary of more than A$70,000[50], who were in charge of the HR function within their organisation.

Sample Characteristics

Age, gender and national background

Results in Table 6.2 provide demographic information about members of the HR profession in Australia. As the current research replicates and extends Dowling & Deery's 1984 survey, that data is presented for comparative purposes.[51] With respect to the membership age profile, the information reported in Table 6.2 shows that in Dowling and Deery's 1984 survey research, the professional body was largely made up of younger professionals: there was almost a third more representation of professional membership in the age group 30 –39 than there was in the group 40-49. In 1995, the difference between these age groups has flattened out and there is almost equal representation of both groups: 35% of respondents fell into the 30-39 age group and 34% were in the 40-49 age bracket. This higher representation of an older age bracket indicates a change in the demographics of the professional body that reflects a more mature, experienced membership.

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[50] Average full-time total earnings in 1995, reported by the Australian Bureau of Statistics (1995a) were A$36,452 p.a. The chosen level of A$70,000 as a minimum base salary is almost double the average wage in 1995 (1 x 192%). This clearly meets the criterion set by the researcher that respondents must be in well-remunerated positions that can reasonably be assumed to be in management positions.

[51] It is worth noting that the membership of the HR professional body has more than doubled in the eleven year period from 1984 (when it was 4,023) to 1995 (when it was 10,040).

The demographics also show that the professional body is attracting more women. In Dowling and Deery's 1984 research the proportion of respondents who were female was only 20% but in 1995 women represent 48% of the total sample. This increase in the number of women further represents a broadening of the diversity and experience of the membership of the profession.

Table 6.2 Sample Characteristics

	1984		1995	
	n*	%	n**	%
Age				
Under 20			5	*0.2*
20 - 29	185	*13*	460	*17*
30 - 39	599	*43*	972	*35*
40 - 49	398	*29*	958	*34*
50 - 59	178	*13*	340	*12*
60 and over	30	*2*	49	*2*
Gender				
Female	285	*20*	1343	*48*
Male	1108	*80*	1451	*52*

* n = 1398: missing data account for totals less than 1398, (Dowling & Deery's 1984 survey)
**n = 2795: missing data account for totals less than 2795[52]

Industry and sector profile

Table 6.3 provides an industry profile of the respondents. The representation of the industry groups in the sample roughly aligns with the national profile provided by the

[52] One way of dealing with missing data is to apply casewise deletion which excludes all cases that have missing data in at least one of the selected variables. The disadvantage of this method is that in situations where there are a large number of variables, as is the case in the current research, the researcher may be forced to deal with a restricted number of 'valid' cases in the data set. This occurs because it is likely that each case will have at least one missing data point. The solution in these circumstances, that has been applied in the currents analysis, is the application of the pair-wise deletion method where the calculation continues to be carried out when the valid data for that variable or combination of variables is present regardless of whether or not data for another variable is missing.

Australian Bureau of Statistics (1995b). Nearly all of the groups are within 3% of national percentage representation in those industry categories. The major exceptions occur in the construction industry with 1% representation in the sample compared to a national figure of 7% and the wholesale and retail trade with 4% representation in the current sample compared to 21% in the national group. Overall, however, respondents are drawn from a very good range of industry groupings.

Table 6.3 Representation of Industry Categories

	Sample data n*	%	National data %
Representation of industry categories			
Agriculture, forestry, fishing	35	*1.3*	*4.9*
Mining	115	*4.1*	*1.0*
Manufacturing	364	*13.9*	*13.6*
Electricity, gas & water	78	*3.0*	*1.0*
Construction	39	*1.5*	*7.2*
Wholesale & retail trade	113	*4.3*	*20.6*
Communications	109	*4.2*	*1.8*
Finance, property & business services	461	*17.7*	*13.6*
Public administration & defence	172	*6.6*	*4.6*
Recreation	30	*1.2*	*2.3*
Transport & storage	79	*3.0*	*4.6*
Health & community service	228	*8.7*	*9.2*
Education	195	*7.5*	*7.2*
Consultancy practice	142	*5.4*	*not specified*
Other	453	*17.2*	*8.3*
Type of employing organisation			
Public sector	822	*29.4*	*26.0*
Private sector	1742	*62.3*	*73.0*

* n=2795: missing data account for totals less than 2795
Sources: ABS (1995b) *Labour Force Statistics*, for industry categories; ABS (1995c) *Employed Wage & Salary Earners*, for type of employing organisation.

In total, 62% of respondents were from the private sector and 29% were from government agencies reporting to, or created by, the commonwealth or state governments (see Table 6.3). The Australian Bureau of Statistics (1995c) reports that 73% of employed wage earners work in the private sector and 26% work within government agencies. With respect to organisational size Respondents in this sample are clearly representative of the division between the public and private sector in the workforce at large.

In general the details relating to industry and sector characteristics indicate that the sample is a representative national cross-section of respondents and this lends considerable credibility to the responses.

The Australian HR professional: A Profile

Education levels

There has been a small increase in the percentage of HR professionals who have completed some form of tertiary study[53]. As shown in Table 6.4, in 1995 82% of members of the professional body had reported the completion of some form of tertiary education compared to 78% in 1984. There has been a substantial increase, however, in the number of HR professionals with graduate degrees (e.g. Masters, MBA and PhD). In 1995, 23% of respondents reported graduate degree completion compared to 9% in 1984. These results indicate that members of the professional body are becoming more involved in intense and focused graduate study.

[53] Tertiary study includes education undertaken at a university.

Table 6.4 Highest Level of Education Attained

Education level	1984 n*	%	1995 n**	%
High school qualification	122	*9*	114	*4*
Some tertiary but refrained from completing	149	*11*	141	*5*
Tertiary diploma or certificate	452	*32*	525	*19*
Tertiary degree	518	*37*	948	*34*
Graduate studies but refrained from completing	not specified		155	*6*
Graduate degree(s) completed	122	*9*	653	*23*
Other	30	*2*	253	*9*

* n = 1398: missing data account for totals less than 1398, (Dowling & Deery's 1984 survey)
** n = 2795: missing data account for totals less than 2795

Education and age

A Chi - square test reported a significant result when age was cross-tabulated with education. Data presented in Table 6.5 shows that the 30-39 and 40-49 age groups present the strongest educational profile of the range of age groups.

Table 6.5 Education Level Categorised by Age Group

Education	Age <29 n	%	30-39 n	%	40-49 n	%	>50 n	%
High school	15	*13*	32	*28*	49	*43*	18	*16*
Tertiary - non-completing	15	*11*	34	*24*	65	*46*	26	*19*
Tertiary – diploma/certificate	70	*13*	167	*32*	180	*34*	108	*21*
Tertiary – degree	230	*24*	357	*38*	263	*28*	94	*10*
Graduate – non-completing	24	*16*	57	*37*	55	*36*	19	*12*
Graduate – completed	64	*10*	215	*33*	274	*42*	96	*15*
Other	45	*18*	109	*43*	71	*28*	27	*11*

χ^2 (df 18, n=2779) = 141.5, $p < 0.000001$

The former group, for example, have the largest number of respondents with a tertiary degree (38%)[54]. The 40-49 age group, hold the majority of completed graduate degrees (42%). This is an increase in the number reported in Dowling and Deery's survey of the professional body in 1984 where only 31% in this age group had completed graduate degrees. Overall, it appears then that not only is the HR professional membership characterised by a more even representation across age groups (as was noted in the discussion associated with Table 6.2), older HR professionals are becoming increasingly well qualified.

Salary levels

Asking respondents to specify a dollar amount for salary may discourage salary level disclosure. To avoid this, salary ranges were used. Results presented in Table 6.6 detail the salary ranges used in 1995 and the adjusted salary ranges for 1984.

Table 6.6 Salaries for HR Professionals in 1984 and 1995

1984 salary ranges	**1984 figures adjusted for change in CPI***		**1995 salary ranges**	
$	**$**	**%**	**$**	**%**
< 25 000	< 44419	*18*	< 40 000	*21*
25 000 – 30 000	44419– 53303	*26*	41 000 – 55 000	*31*
31 000 – 40 000	55080 - 71070	*32*	56 000 – 70 000	*19*
41 000 – 50 000	72847– 88838	*16*	71 000 – 85 000	*9*
> 50 000	> 88838	*9*	86 000 – 100 000	*5*
			101 000 – 115 000	*3*
			> 116 000	*5*

*1984 figures were multiplied by the factor 116.2 (CPI no. 1995) / 65.4 (CPI no. 1984) as advised in the Consumer Price Index formula,

(ABS, 1987)

[54] In Dowling and Deery's 1984 survey this group of respondents similarly held the largest number of tertiary degrees (49%) as their highest level of education.

The largest group of respondents, 31%, reported a salary within the range of $41,000 to $55,000. In order to compare results from this survey with the results from Dowling and Deery's 1984 results, the salary ranges used in 1984 were adjusted using the Consumer Price Index formula (ABS, 1987) to reflect 1995 prices.

Figure 6.1 compares the mid-points for each set of ranges in the adjusted 1984 and 1995 data. The figure graphically represents the trend in Table 6.6 to show that in 1995 the majority of professionals (31%) earned a salary in the range of $41,000 - $55,000 whereas in 1984, CPI adjusted salaries show that the majority (32%) of HR professional earned between $55,080 - $71,070. The data reflect a drop in salaries therefore across this 11 year period. The 1995 data appears to almost be bi-modal however with a slight upturn in the number of people earning salaries in the top range.

Overall then it would seem that the salaries of those working in the HR area have generally shifted down over the eleven year period as reflected by the data but there is evidence of some high earning potential at the top end of the salary scale.

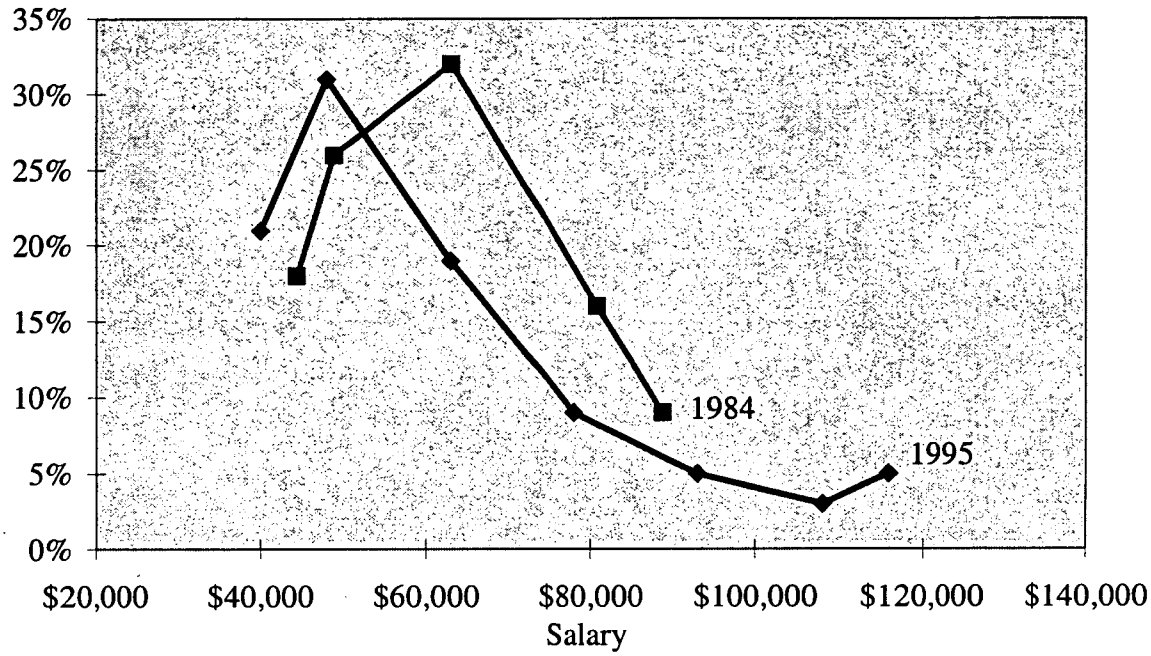

Figure 6.1. Comparison of Salaries of HR Professionals: 1984 and 1995

Career path

Table 6.7 identifies the career path entry points for respondents. As can be seen, the areas in which respondents began their careers were mainly clerical, Human Resources / Industrial Relations and Accounting / Finance. This is a similar finding to that reported in the 1984 study. In order to determine whether younger people had a preference for any of these areas as a HR career entry point, the respondents who began their career in the three areas of clerical, Human Resources / Industrial Relations and Accounting / Finance were classified into age groups. A Chi-square test was then run to determine whether the age of the respondent made a difference on the choice of the area in which they decided to start their career. Table 6.8 reports this information.

Table 6.7 Career Path Entry Points

Area	1984 n*	%	1995 n**	%
Clerical	356	*26*	674	*24*
HR / personnel / industrial relations	339	*24*	610	*22*
Accounting / finance	134	*10*	231	*8*
Education	Not specified		202	*7*
Marketing / sales	67	*5*	159	*6*
Engineering	83	*6*	114	*4*
Health	Not specified		75	*3*
Production	55	*4*	41	*2*
Management services	54	*4*	66	*2*
Research & development	23	*2*	38	*1*
Supply / purchasing	15	*1*	21	*1*
EDP / computer services	14	*1*	31	*1*
Law	15	*1*	40	*1*
Distribution	12	*1*	17	*1*
Other	224	*16*	469	*17*

* n = 1398: missing data account for totals less than 1398, (Dowling & Deery's 1984 survey)
**n = 2795: missing data account for totals less than 2795

A Chi-square test revealed an overall significant result when these areas are grouped into age categories. Specifically of those respondents nominating Human Resources / Industrial Relations as their original functional area, some 65% were under 40 years of age.

Table 6.8 Career Entry Point Categorised by Age

Original functional area		Age <20	20-29	30-39	40-49	50-59	>60
Human resources / IR	n	2	183	210	168	40	2
	%	*0.3*	*30.2*	*34.7*	*27.8*	*6.6*	*0.3*
Clerical	n	2	87	269	228	81	6
	%	*0.3*	*12.9*	*40.0*	*33.9*	*12.0*	*0.9*
Accounting / Finance	n		37	75	81	28	10
	%		*16.0*	*32.5*	*35.1*	*12.1*	*4.3*

χ^2 (df 10, n = 1509) = 93.0, $p < 0.00001$

In the group of respondents that identified their career entry point as clerical, 53% were under the age of 40 and 49% of the group that started their career in Accounting / Finance were under 40.

Overall, these results show that more of the younger members of the profession commenced their careers in the human resources and industrial relations area when compared to the clerical or accounting classifications.

Summary of the profile provided by the data from the full sample

The profile provided by the data from the full sample reveals that compared to the group of HR professionals surveyed in 1984, the sample in the current research reflects greater representation across age groups, higher levels of gender equity and an increase in the number of respondents with graduate degrees. Further, with respect to education, there is a wider spread across age groups of people who have tertiary qualifications. In 1984, younger respondents tended to have higher levels of education but this was not the case in 1995 and this has contributed to a more balanced profile of educational attainment across age groups than was reported in 1984. This increase in well-qualified people has not been reflected in increased salaries. The research reveals that in general HR salary levels dropped between 1984 and 1995. Despite this decline in salaries there is evidence of an increase in the number of HR managers receiving salaries at the top end of the salary scale. It seems then that there is a small group of HR managers that are being compensated very well but the salary levels of the majority of the profession

are decreasing when 1984 salaries (adjusted to reflect 1995 dollar values) are compared to 1995 salaries.

Finally with respect to HR career entry, the three main areas in which respondents began their career are the same as the areas identified in 1984: Human Resources / IR, Clerical and Accounting / Finance. When respondents were classified according to their age group it was found that younger people are more likely than older people to have started their career in the HR area. This reflects a growing recognition of human resources as a definite, promising career choice.

The Perspective of Senior HR Managers

The following sections will focus on the responses of senior HR managers. After describing the characteristics of this sub-sample, the analysis will gauge the reactions of this group to the transition away from personnel management towards a HRM approach and their perceptions of HR involvement in strategic decision-making processes. Specifically, the analysis will review the uptake of the HR title, attitudinal responses to strategic HRM developments, perceptions of access to the senior decision-making group and the CEO, and recent HRM policy initiatives.

In order to ensure that responses are taken from a group of respondents who were knowledgeable and well informed, the analysis was confined to a sub-group of senior HR managers. This precaution helps to avoid one of the dangers of survey research noted by Neuman (2000) and Robson (1993) that involves the use of inappropriate

respondents to fill out surveys. Accordingly, the group of senior managers who were selected were the people who were the most senior managers in charge of the human resources function in their organisation. An initial response group of 883 managers was further reduced to include only those managers who earned over A$70 000. It could reasonably be assumed that this restriction of responses to include only those who earned almost double the average wage in 1995 (ABS, 1995c) would preclude any respondents who were not in legitimate management positions. Before reviewing their views on HRM initiatives the following section will detail the characteristics of this sub-sample.

Characteristics of the senior HR management sample

As can be seen in Table 6.9, 71% of the sample is over 40 years of age. This fits with the senior profile of this group.[55] The group is also predominantly male (73%) and respondents are well educated with 69% completing a tertiary degree and 29% completing a graduate degree.

In line with the sub-sample selection criterion that respondents must earn a minimum of A$70,000, base salary levels begin at $70,000 and extend beyond $116,000 (see Table 6.10). Respondents were spread over the salary ranges with a total of 25% of respondents reporting a salary of $116,000 or more.

[55]A detailed investigation of the six respondents who were in the 20 - 29 age group revealed that they were all in their late twenties and held senior positions in their organisations.

Table 6.9 Age, Gender and Education of the Senior HR Manager Sub-sample

	n*	%
Age		
20 - 29	6	*1.9*
30 - 39	86	*26.9*
40 - 49	160	*50.0*
50 - 59	61	*19.0*
60 and over	7	*2.2*
Gender		
Female	86	*26.7*
Male	236	*73.3*
Highest level of education attained		
High school qualification	8	*2.5*
Some tertiary but refrained from completing	15	*4.7*
Tertiary diploma or certificate	54	*16.8*
Tertiary degree	110	*34.2*
Graduate studies but refrained from completing	18	*5.6*
Graduate degree(s) completed	93	*28.9*
Other	24	*7.5*

*n = 322: missing data account for totals less than 322

Further, more than 52% of the group reported that the value of the fringe benefits associated with their position was greater than $26,000. These substantial salaries suggest that the respondents can reasonably be assumed to be in senior positions. Furthermore, as a test of whether these senior managers were knowledgeable about the HRM processes that were in place in the organisation in which they were currently working, respondents were asked to indicate their level of tenure in their organisations. The majority of respondents (59%), had been with their current employer for four years or more and a total of 35% had been in their current position for four years or more. This level of tenure would imply that respondents had a good knowledge of the policies and processes in their enterprises.

Table 6.10 Base Salary of Sub-sample of Senior HR Managers (excluding fringe benefits)

Base Salary in A $	n	%
$ 71 000 – 85 000	116	*36.0*
$ 86 000 – 100 000	83	*25.8*
$ 101 000 – 115 - 000	44	*13.7*
$ 116 000 or more	79	*24.5*

Table 6.11 provides representation of industry category for the sub-sample of senior managers as compared with the national profile provided by the Australian Bureau of Statistics (1995b). There is reasonable alignment with the national profile although the mining and manufacturing industries are clearly more strongly represented in the current sample and the wholesale and retail trade is largely under-represented. There is, however, representation from all the industry groupings. The breakdown of respondents from the private and public sector is also approximately aligned with the national delineation (Australian Bureau of Statistics, 1995c) with the majority of respondents coming from the private sector. With respect to organisational size, respondents in general come from organisations that are larger in size than the national average. This would be accounted for by the fact that respondents are in senior well paid HR positions and these positions are less likely to exist in smaller organisations.

In general, the personal, industry and sector characteristics of the sample indicate that respondents are in HR management positions, they are well educated and suitably experienced and come from an appropriate cross-section of industry and sector. This lends considerable credibility to the responses and overall validity of this data set.

Table 6.11 Industry Representation of Sub-sample of Senior HR Managers

	Sample		National data
	n*	%	%
Representation of industry categories			
Agriculture, forestry, fishing	3	*0.9*	*4.9*
Mining	32	*9.9*	*1.0*
Manufacturing	78	*24.2*	*13.6*
Electricity, gas & water	13	*4.0*	*1.0*
Construction	6	*1.9*	*7.2*
Wholesale & retail trade	17	*5.3*	*20.6*
Communications	20	*6.2*	*1.8*
Finance, property & business services	60	*18.6*	*13.6*
Public administration & defence	10	*3.1*	*4.6*
Recreation	12	*3.8*	*2.3*
Transport & storage	6	*1.9*	*4.6*
Health & community service	7	*2.3*	*9.2*
Consulting	13	*4.0*	*not specified*
Information technology	8	*2.5*	*not specified*
Education	8	*2.5*	*7.2*
Hospitality	10	*3.1*	*not specified*
Other	29	*9.0*	*8.3*
Type of employing organisation			
Public sector	53	*16.6*	*26.0*
Private sector	266	*83.4*	*73.0*
Organisational size			
100 employee or less	33	*10.1*	*33.0*
More than 100 employees	278	*89.9*	*67.0*

* n = 322: missing data account for totals less than 322
Sources: ABS (1995b) *Labour Force Statistics*, for industry categories; ABS (1995c) *Employed Wage & Salary Earners*, for type of employing organisation; ABS (1995d) *Small Business in Australia*, for organisational size.

Senior managers' perspectives on strategic HRM developments

Senior HR managers' report of the uptake of the HR title

An important part of the HRM transformation process has been a nomenclature change.

The survey data confirms strong support for an acceptance of the title of HR. A total of

54% of respondents reported using 'Human Resources' in their departmental title as opposed to 10% reporting 'Personnel' or 'Industrial Relations'. When organisational size was taken into account, there was no significant difference in title uptake between organisations with less than 1000 employees, 1001-3000 employees and more than 3000 employees[56]. Further, there was also no significant difference in title uptake between Australian-owned and overseas-owned organisations[57]. It would appear then that Australian organisations have been supportive of a name change regardless of company size or ownership.

Senior HR managers' views on the strategic HRM role

The present study provides considerable evidence that senior HR Australian professionals have embraced a strategic focus. Respondents were asked to register their level of agreement with a set of statements related to strategic HRM initiatives. A Likert scale was used ranging from 1 to 5 where 1 denoted strong disagreement and 5 denoted strong agreement. First, results indicate that HR managers are more willing to embrace a strategic approach. When questioned about their preparedness to adopt a strategic focus, 73% of senior HR respondents strongly agreed (provided a score of 5) that HR policy should be linked with organisational strategy and 67% strongly agreed (provided a score of 5) that HR policy areas need to be more carefully integrated (see Table 6.12).

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[56] χ^2 (df 8, n = 209) = 11.09, $p = 0.19663$

[57] χ^2 (df 8, n = 176) = 4.00, $p = 0.857$

This commitment to strategic involvement by senior HR managers also became apparent when respondents were asked in open-ended questions to identify the most significant changes in HRM in the last 5 years and to predict significant changes in the next 5 years.

Table 6.12 Agreement by Senior HR Managers with the Principles of a Strategic HRM Approach

Principles of a Strategic HRM Approach	Strong agreement	
	n	%
1.HR policy should be linked with organizational strategy	235	*73.2*
2.HR policy areas should be more carefully integrated	216	*67.1*
3.HR is expected to make an improved contribution to organizational effectiveness	209	*64.9*
4. Need to justify how new HR programs will add value to the organization	204	*63.4*
5.There is a more collaborative style of employee relations	170	*52.8*
6.There has been a growth in policies to build strong direct communications between management and employees	94	*29.2*

These responses, reported in Tables 6.13 and 6.14 respectively, show that *integration and strategic focus of HR policies* was considered to be the most significant issue in the last 5 years (see Table 6.13) and *HR's role in change and strategic planning* was reported to be a key HRM concern in the next 5 years (see Table 6.14). It seems then that respondents acknowledge growing top management interest in HRM matters and senior HR managers are willing to become involved in the strategic planning process.

Second, coupled with this concern to be involved in strategic matters and ensure HR policy consistency, Dyer and Kochan (1995) have argued that HR must opt for a full shift to the business partner role. This means that HR must directly contribute to

organisational effectiveness. Again, there is support for this move in both the closed and open-ended questions.

Table 6.13 Senior HR Managers' Views on the Most Significant Changes to have Occurred in HRM in the Last 5 Years*

Most significant changes in last 5 years	n**	%
Integration & strategic focus of HR policies	120	*37.3*
Employee relations	118	*36.7*
Contribution of HR to company performance	77	*24.0*
Worker participation & team work	62	*19.3*
Quality issues	53	*16.5*
Training	41	*12.7*
Flexible work patterns	41	*12.7*
Devolution of function	40	*12.4*
Legislative changes	34	*10.6*
Economic rationalism	33	*10.3*

*Open-ended data
**n = 322: respondents may have provided more than one suggestion

Table 6.14 Senior Managers' Views on Issues Predicted to Have the Greatest Impact on HRM in the Next 5 Years*

Greatest Impact in the next 5 years	n**	%
HR's role in change and strategic planning	90	*28.0*
Employee relations	64	*20.0*
Contribution of HR to company performance	62	*19.3*
Flexible work patterns	39	*12.1*
Legislative changes	30	*9.3*
Quality	28	*8.7*
Internationalization	27	*8.4*
Training	25	*7.8*
Worker participation & teamwork	24	*7.5*
Technology	21	*6.5*

*Open-ended data
**n = 322: respondents may have provided more than one suggestion

A total of 65% of senior HR managers strongly agreed that HR is expected to make an improved contribution to organisational effectiveness and 63% strongly agreed that HR programs need to add value to the organisation (see Table 6.12). In the open-ended

questions, *contribution of HR to company performance* was seen as the third most important change in the last five years (see Table 6.13) and senior HR managers predict that it will continue to be important in the next five years (see Table 6.14).

Third, Guest (1987) and Legge (1995) have maintained that an essential element in the transition to HRM is a commitment to underlying unitarist values and the alignment of employer / employee goals. Results indicate that within the current group of respondents there is a focus on employee relations. For example when indicating level of agreement on provided statements, 53% of respondents strongly agreed that a more collaborative style of employee relations is emerging (see Table 6.12). A total of 84% of respondents also acknowledged strengthened direct management / employee communication with 29% of respondents strongly agreeing and 55% agreeing that there had been a growth in policies that attempt to build direct communications between management and employees (See Table 6.12). In the open-ended questions, *employee relations* was identified as the most significant issue after strategic focus (see Table 6.14). Further, it is predicted that in the next five years *employee relations* will continue to be a pressing issue (see Table 6. 14).

These results indicate therefore that there is a re-evaluation of the employer / employee relationship and that attempts are being made to set up more direct communication channels between the two groups. To conclude that these trends reflect an underlying unitarist movement, however, may be premature. The reported attention to employee relations issues and the push to open communication channels must be seen in the light of major changes that have been occurring in the Industrial Relations system in Australia. As noted previously in Chapter 3, the Workplace Relations Act 1996,

introduced by the incoming conservative Liberal / National coalition government, has made significant changes that aim to create a more direct relationship between employers and employees. These substantive legislative changes most likely account for the attention being given to employee relations and the growth in the collaborative style of employee relations that has been reported in the current research. The introduction of this decentralised employee relations system does, however, provide an appropriate environment for the development of a more unitarist approach to the employment relationship.

Senior HR Manager involvement in senior decision-making processes

Senior HR managers were asked if there was a member of the organisation's board of directors who was responsible for HRM matters. A total of 18% of organisations reported full HR representation on their board of directors and 25% reported a representative who has partial responsibility for HR matters. This level of representation does not compare well to levels reported by Brewster (1994) in a review of European board representation. Brewster's research revealed that there were significant differences in HR board representation across Europe with countries such as Sweden, France, Spain and Norway reporting representation on the board of directors by the head of the HR function as 84%, 84%, 73% and 71% respectively. Other countries such as West Germany and Italy were reported as having poorer representation with 30% and 18% respectively. It is clear that Australian enterprises would be classed with this latter division.

Deery and Purcell (1989) and Marginson et al. (1993) reported that ownership and size of the organisation may make a difference to the representation on the board of directors. A Chi-share test of the results of the current study, reported in Table 6.15, indicate that there is a difference in domestic and overseas company board representation with overseas enterprises being twice as likely as Australian companies to have a director whose primary responsibility was HR.

Table 6.15 HR Representative on the Board of Directors: Australian and Overseas Organisations

Is there a member of the organisation's board of directors who is responsible for HR matters?	**Australia**		**Overseas**	
	n	*%*	**n**	*%*
No	80	*56.2*	49	*51.0*
Yes, it is representative's main responsibility	20	*14.1*	29	*30.2*
Yes, it is part of their responsibility	42	*29.1*	18	*18.8*

χ^2(df 4, n=246) = 13.21, p< 0.05

With respect to organisational size however, there was no significant difference in board membership between organisations with less than 1000 employees, 1001-3000 employees and more than 3000 employees[58]. Results show then that although ownership of the organisation may influence whether or not there is a senior HR manager of the board of directors, organisational size does not make a difference.

The overall low representation at the board level may not be as problematic as it first appears. Results from the present survey do show that 58% of respondents reported that there was a committee of senior executives that met regularly to consider HRM matters at the enterprise level. Consequently, the reported poor representation on

[58] χ^2(df 4, n=294) = 5.9, p= 0.206

boards of directors may not be totally representative of actual HR involvement in strategic planning. Indeed the reported level of senior committee concern for HRM matters at the enterprise level suggests management interest in HR directions despite a low formal governance solution involving board representation.

The current research also reviewed the opportunity for direct communication between the senior HR manager and the CEO. When asked where their position was located, 79% reported that their position was situated in corporate head office or central office. Further, 64% confirmed that they reported directly to the CEO and 19% reported one layer of management between their position and the chief executive. These results indicate that there is adequate opportunity for this group of senior HR managers to communicate directly with the CEO and other senior functional heads.

Summary of senior managers' perspectives on HRM developments

Overall, it would appear that Australian organisations have been supportive of the HR title name change, regardless of company size or ownership. Further, with respect to senior HR management support for strategic HRM initiatives, the attitudinal responses and open-ended data that dealt with HR involvement in strategic decisions, integration of HR policy areas, the contribution of HR to the bottom line and attention to communication between employees and employers, reveal that senior HR managers acknowledge and support the importance of each of these features of a strategic HRM approach.

With respect to the reported involvement of senior HR managers in senior decision-making processes, HR representation on the board of directors was low, with overseas enterprises being more likely to have full corporate HR representation. A large percentage of respondents, however, reported HR representation at the senior executive committee level and senior HR managers reported adequate opportunity, through their direct reporting relationship with their CEO, to set up good communications with senior decision makers. Finally, the survey of the senior HR management group has shown that HR managers are involved in policy initiatives that are complementary and support the development of HRM capabilities.

Support for Research Question 1

The responses of senior HR managers, who made up a sub-sample of the Australian HR professionals who were surveyed in the current research, Research Question 1 of this thesis, which is as follows:

> *What is the extent to which senior HR managers agree with and support strategic HRM initiatives in Australian enterprises?*

The following summary of results that have been reported in this chapter, indicate strong levels of support among senior HR managers for strategic HRM initiatives. First, five times as many senior HR managers reported the HR title as opposed to a personnel or industrial relations title. This commitment to the HR title was not affected by company size or ownership. Superficially then, HR departments and their managers have agreed to reflect a commitment to a HRM approach through the necessary nomenclature change.

Second, there was strong attitudinal commitment by senior HR managers to features of a strategic HRM approach. Senior HR managers strongly agreed with statements emphasising the integration of HR policy with organisational strategy, the contribution of HR to the bottom line and the importance of employer / employee communications. This attitudinal data was supported by responses to open-ended questions. When respondents were asked to identify important developments within HRM, the issues connected with a strategic HRM focus were identified. It would seem then that senior HR managers agree with and support key HRM initiatives.

Finally, senior HR managers were also asked to provide data about involvement in senior decision making processes and identify their attempts to formulate policy areas that fit with a strategic HRM approach. With respect to the involvement of HR managers in senior decision making processes, the results suggest that there is poor representation of HR on the boards of directors as compared to other countries (Brewster, 1994). Nevertheless, 58% of respondents reported that a committee of senior executives met regularly to consider HR matters at the enterprise level. Further, there is adequate opportunity for the senior HR manager to communicate directly with the CEO and potentially exert informal influence on the senior decision making process.

Summary and Conclusions

These survey findings of the membership of AHRI present important profile data on the Australian HR professional. Previous similar research by a series of authors including Kangan and Cook (1949), Cameron, (1967), Draper (1977), Dredge and Smith (1981) and Dowling and Deery (1985) surveyed and described the role of the HR function in Australia. In the early 1990s, however, little research was underway to continue this survey work and there was a need to provide ongoing snapshots of the Australian HR professional. Moreover, with the major transition from personnel management to HRM, it was important that previous research be extended to incorporate the reactions of senior HR managers to their new role and gauge what they saw as emerging HRM priorities.

Overall, compared to the group of HR professionals surveyed in 1984 by Dowling and Deery, the profile data in this research shows that there is a more balanced representation across age groups, greater gender equity within the HR profession and higher levels of educational attainment: there is a higher representation across age groups of people with tertiary qualifications and an increase in the number of respondents with graduate degrees. Base salary levels however seem to have decreased although there is a slight increase in the number of HR professionals who are earning salaries at the top end of the salary scale.

With respect to career development it appears that younger members of the HR profession are more likely than the older members to have started their career in the HR area. This may reflect a growing recognition of human resources as a definite career choice. As the HR professional moves into the role of business partner, however, there is a need to be familiar with as many areas in the organisation as possible so that HR representatives can make fully informed, considered contributions to any strategic discussion. This tendency then for younger HR professionals to move straight into the HR function may need to be supplemented with organisational experience in other functional areas to allow for the development of the necessary breadth in career experience.

As well as providing a profile of the HR professional, therefore the current research asked a sub-sample of senior HR managers to supply attitudinal reactions to descriptions of the new HRM approach and to identify changes to the current and emerging emphasis of their work. As such this analysis addresses the first research question of this thesis. Specifically, in Australian enterprises the survey work provides insights into the extent to which senior HR professionals agree with and support strategic HRM initiatives in Australian enterprises.

Directly addressing Research Question 1, the responses of the sub-sample of senior HR managers reveal an apparent readiness by this group to position themselves as key strategic players. The superficial title change to HR has been accompanied by positive attitudinal data from senior HR managers about strategic HRM initiatives. The research

also suggests that despite low board level HR representation there is appropriate HR representation at the senior committee level and there is adequate opportunity for senior HR managers to directly communicate their priorities with the CEO and senior line managers. Senior HR managers are also designing HR policy initiatives that potentially support the development of HR capabilities.

These positive views of senior HR managers are not enough, however, to indicate that the strategic HRM goal of integration has been realised - the changes taking place within the profession must be supported and acknowledged elsewhere in the organisation. Senior HR managers, for example, may be ready to position themselves as key strategic organisational players, they may be representatives on senior committees, there may be opportunity to communicate directly with the CEO and they may be reviewing HR policy initiatives in an attempt to support the development of HR capabilities. Without the support of other key stakeholders in the organisation however, the transition to strategic HRM may impact only on those involved in HR.

Accordingly, the next step in the research was to consider whether the view of those working within the HR area is fully acknowledged and supported elsewhere in the organisation. Consideration needs to be given to the interdependencies between HR managers and other senior level managers. Finance managers, for example, provide a check on the real contribution that HR makes to the business decision-making process. Line managers, who now play a key role in an increasingly devolved HR function, also

provide valuable insights, exposing the factors that assist and detract from the integration of HRM into core business processes.

An effective transition from personnel management to human resources requires that the protagonists within the HR function understand and accept the nature of the changes to the function. The current research has confirmed that this is happening. Full integration of strategic HRM principles, however, demands the acceptance and respect of other key organisational players. Consequently, the next phase of this research concentrates on these interdependencies in an attempt to understand how best to effect the integration of HRM into organisational processes.

Chapter 7
Multiple case studies: Interviews in the Best Practice companies.

Objectives of this Chapter

The primary objectives of this chapter are to report on interviews from 13 Australian best practice organisations and analyse the data with respect to Research Question 2. The analysis will compare the views of senior HR managers with the opinions of senior finance managers and line managers. Using QSR NUD*IST4 and Microsoft Excel 97, qualitative and quantitative data is organised and analysed around the three central themes of the HRM goal of integration: the role of HR within strategic decision-making processes, alignment of HRM policy design, and integration of HRM into line management activities.

Characteristics of the Case Organisations

As detailed in Chapter 5, the organisations that were chosen for investigation in this thesis were among those that had successfully applied for sponsorship within the Best Practice program, initiated in 1991 by the Australian Federal government. The involvement of the companies in the Best Practice program ensures that participants in the study have been encouraged to adopt HRM principles, thus allowing the researcher to concentrate on the factors that have affected the implementation of HRM initiatives.

Table 7.1 provides details about the organisational characteristics of the selected companies (this is a re-production of Table 5.2). As can be seen there are three foreign-owned and four Australian owned MNEs. A further three companies are described as independent divisions of a foreign-owned MNE.

Table 7.1 Characteristics of the Field Study Sample

Company	1	2	3	4	5	6	7	8	9	10	11	12	13
Industry	Chemicals	Cereal Manufacturer	Car Manufacturer	Packaging	Office products	Air-Conditioning	Air-Conditioning	Smallgoods	Dairy food	Plastics	Chemicals	Steel	Industrial Screenprinters
Ownership	Large foreign-owned MNE	Large foreign owned MNE*	Large foreign owned MNE*	Australian MNE	Australian MNE	Australian MNE	Australian MNE	Independent division of foreign owned MNE	Independent division of foreign owned MNE	Independent division of foreign owned MNE	Australian owned	Australian owned	Australian owned
No. of employees (Australia)	300	600	4 500	11 600	1 100	800	400	400	1 500	110	85	1 400	100
Site of interviews (No. employed on production site)	Aust HQ	Aust HQ & production site (300)	Aust HQ & production site (3000)	Aust HQ & production site (160)	Central. office & service centre (50)	Central office & production site (350)	Central office & production site (300)	Central office & production site (400)	Central office & production site (300)	Central office & production site (110)	Central office & production site (85)	Central office & production site (250)	Central office & production site (100)
Company location	Sydney	Sydney	Melbourne	Melbourne	Sydney	Melbourne	Adelaide	Melbourne	Melbourne	Sydney	Melbourne	Melbourne	Adelaide
Interviewees:													
HR manager	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Finance manager	✓		✓	✓	✓	✓#		✓			✓#		
Line manager	✓	✓	✓	✓	✓			✓	✓		✓#	✓	

* Australian division of large foreign-owned MNE

\# Telephone Interview

These companies were all originally operating as small Australian-owned companies that were later taken over by an international MNE. In each case, however, the companies retained their original name and maintained decision-making autonomy for the Australian operation. Finally, there are another three companies that are Australian-owned organisations. As a whole, the selection of cases is characterised by quite a wide range of ownership structures and represents small through to large sized organisations.

With respect to the characteristics of the interviewees, the HR and Finance interviewees were all senior managers in charge of their function. This meant that the interviews with these people were usually conducted at headquarters. The line managers were similarly in senior positions and because they were often in the role of site manager, the majority of these interviews were conducted at the production site. With respect to tenure in the organisation, interviewees had been in their organisations for a considerable period of time: HR managers had been in their organisation for an average of 12.3 years, line managers had been in place for an average of 7.2 years and finance managers an average of 9.6 years.

In terms of the career backgrounds of the HR managers, interviewees came from a wide variety of backgrounds with only three starting their careers in HR[59]. Five HR managers had come from production areas, three of whom[60] had worked on production lines, worked their way into line management positions and then

[59] These managers worked in companies # 3, # 5 and # 10.
[60] These managers worked in companies # 7, # 8 and # 13.

transferred across to HR. The other two HR managers[61], that had come from production had specific technical training, one in science and the other in agriculture. Both of these managers had then moved across to HR. Four other HR managers[62] began their career in finance and had substantial financial expertise. Finally, one HR manager[63] had trained and worked for a considerable period of time as an engineer and had worked in a range of operational roles.

Overall, the thirteen organisations that were chosen for in-depth analysis have different organisational structures and vary in their number of employees, but each of the companies has a similar understanding of the importance of HRM initiatives through their involvement in the Best Practice program. The interviewees were all senior managers within their organisational structures and had been in their companies for a substantial period of time. This lent considerable credibility to their responses. The most notable feature of the career background of the HR managers was the diversity of their background and experience. Only three of the thirteen managers interviewed had begun their career in the area of HR.

Figure 7.1 depicts the primary node titles that are used to reflect the three major areas of strategic HRM integration: HR involvement in strategic decision-making; integrated HRM policy design; and devolution of HRM activities to the line. Within the analysis that follows, three tree structures are detailed that provide a partial NUD*IST node tree for each of these three areas of strategic HRM integration. The analysis of data within each of these areas reflects the two stages of data coding.

---

[61] These managers worked in companies # 11 and # 9.
[62] These managers worked in companies # 2, # 4, # 6 and # 12.
[63] This manager worked in company # 1.

First, responses across the companies are collated within sub-nodes to identify key comments related to the relevant area of strategic HRM integration. Second, a results node is provided that depicts the emerging factors that impact on the success or otherwise of the area of strategic HRM integration. The analysis will be primarily qualitative, using the NUD*IST tree structure. Where appropriate, quantitative data is included to support or highlight comments reported in the qualitative analysis.

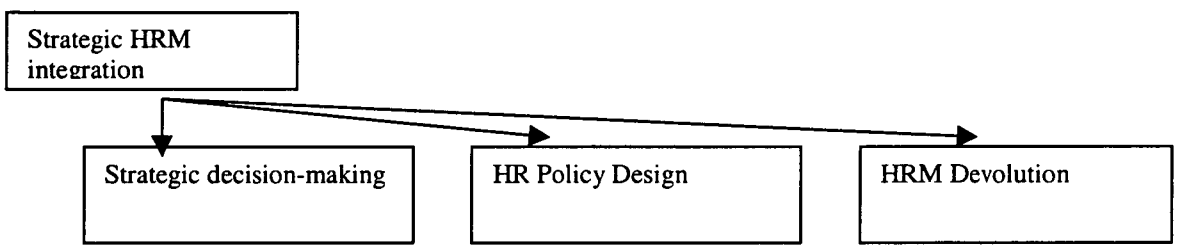


Figure 7.1 Primary Nodes used in the NUD*IST Strategic HRM Integration Node Tree

The Role of HR within Strategic Decision-making Processes

Figure 7.2 depicts the node structure that was used to organise the data around the first feature of the goal of HRM integration, the involvement of HR in central strategic decision-making processes. As can be seen from Figure 7.2, data was grouped into sub-nodes that included, HR involvement in strategic decisions and HR involvement strategic decision stages. In line with the suggestions of Yin (1994), Ticehurst and Veal (1999), and Mason (1998), a sub-node called 'results' emerged out of the second stage of the coding process that provides insights into the research question and the propositions. Specifically, in the results node, data was analysed to identify the factors that acted as supports or barriers to the success of the first part of the goal of strategic HRM integration.

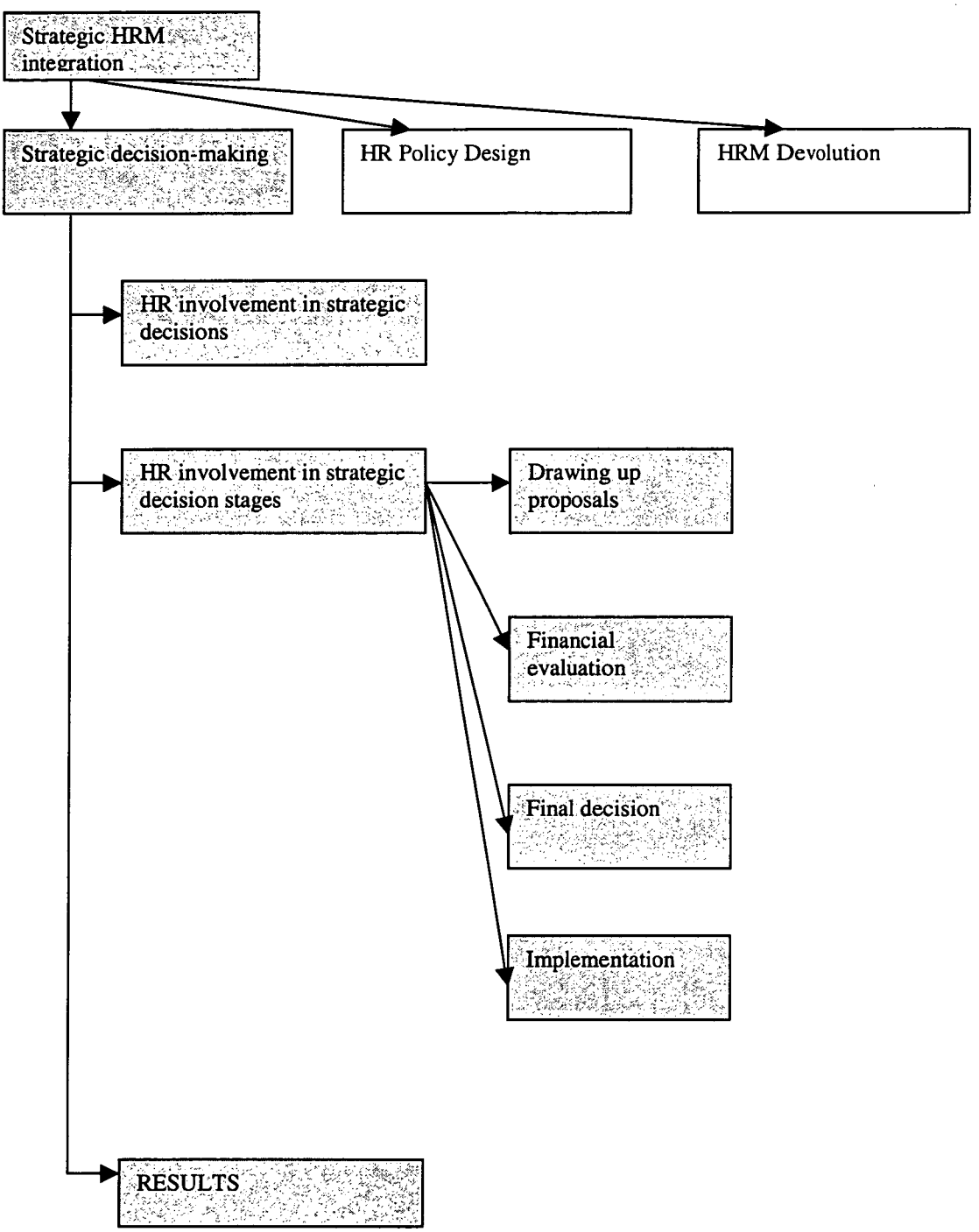


Figure 7.2 Partial NUD*IST Tree for HR Involvement in Strategic Decisions

The following sections will review the content of each of the sub-nodes that relate to the reported levels of HR involvement in strategic decisions and a description will then be given of the themes that emerged and were included in the results node. The results are also reviewed to determine support or otherwise for the four propositions, P1(a), P1(b), P1(c) and P1(d).

HR involvement in strategic decisions

The issue of actual involvement of HR in central strategic decisions was raised at various times throughout the interview but there was also time set aside within the interview where participants were specifically asked to respond to two structured questions that explored levels of HR involvement. As noted in Chapter 5, and detailed in the Case Protocol (see Appendix 3), these statements were taken from research by Buller and Napier (1993) and Purcell (1995).

Buller and Napier (1993) distinguished four possible levels of strategic HR involvement as shown in Figure 7.3.

1.	The human resource area ***provides operational support,*** develops some internal programs to meet specific needs, but is generally viewed as a processor of paperwork and employment activities
2.	The human resource area ***reacts to*** strategic directions and requests from top management
3.	The human resource area provides ***input into and reacts to*** strategic directions set by top management, but only on personnel related matters
4.	The human resource area is ***actively involved in all types of strategic decisions***, whether or not they directly affect personnel matters

Figure 7.3 Levels of HR Involvement in Strategic Decision-making
(Source: Buller, P. F. & Napier, N. K. (1993) Strategy and Human Resource Management Integration in Fast Growth Versus Other Mid-sized Firms. *British Journal of Management,* 4: 77-90.)

The interviewees in the current research were asked to identify from the set of four statements, the statement that best described the role of HR in strategic decision-making activities in their organisation. The data reported in Table 7.2 reveal that, when choosing from the options outlined in Figure 7.3, eight out of the thirteen HR managers chose option 4, and identified that they were actively involved in all types of strategic decisions. In five of these cases, data was provided by finance managers and four of these finance managers confirmed the HR manager's self-assessment. Only one finance manager contradicted the HR manager, suggesting option 2 rather than 4. The remaining five HR managers assessed their involvement as best described by option 3 or in between options 3 and 4.

Table 7.2 Senior Management's Assessments of HR's Role in Strategic Decision-making Activity*

Company	HR Manager's perception	Finance Manager's perception**
1	3 / 4	3 / 4
2	3 / 4	
3	3	3
4	4	4
5	4	2
6	4	4
7	4	
8	4	4
9	4	
10	3	
11	4	4
12	3	
13	4	

*Using the categories identified by Buller and Napier (1993) as outlined in Figure 7.3.
** Blank cells indicate that the finance manager was unavailable for interview.

The following discussion reviews the cases where there is evidence of a strong strategic decision-making role for HR and the case in Company # 3 where both the HR and finance manager considered HR's role to be less strategic. The discussion

also explores the case of company # 5 where there was a discrepancy between the HR and finance manager's perceptions.

First, the comments made where both the HR and finance managers agreed that HR had considerable strategic input were as follows:

> *...he is definitely a 4, he does get involved in a lot of strategic issues – when we may be looking at a new plant or shutting a plant and so forth.*
>
> *Company # 4, Finance Manager*

> *...It bounces around between 3 and 4. I have seen a lot of activity where it is a 4, where they are actively involved in all strategic decisions. ...the HR role there is not just to comment on people issues, it is generally looked at as part of the team...if there was a major decision to be made about acquisitions, divestiture, those types of things – HR would have an important role.*
>
> *Company # 1, Finance Manager*

> *He* [the General manager] *sees HR as part of the strategic direction of the company and HR is part of all the strategic planning sessions.*
>
> *Company # 8, Finance Manager*

> *He is part of all decisions – very much so.*
>
> *Company # 8, Finance Manager*

> *The senior HR guy is on our executive and he is very much part of the business decision making team.*
>
> *Company # 6, Finance Manager*

Comments by HR managers provided similar evidence of the strategic involvement of HR. The HR managers in Companies # 7 and # 2, for example, explained that their role had actually been recently reviewed and their involvement in strategic decision-making was connected with a change agenda in the company:

> *Before I came, it* [HR] *didn't have an impact, it wasn't a senior role, it was incorporated into manufacturing and I came into the organisation to change the way we do things.. My role is not a token one ..no changes in manufacturing, no changes in designs of the buildings are made without my involvement.*
>
> *Company # 7, HR Manager*

The MD here wanted a generalist so they have created a hybrid role...to align the people effort with the corporate effort – that is what has been missing before.

Company # 2, HR Manager

Not all of the discussions about HRM strategic involvement indicated a strong strategic decision-making role for HR. The following examples describe situations where both the HR manager and finance manager agree on the relative lack of HR involvement and another situation where there is a difference in opinion about HR's involvement.

In Company # 3, both the HR manager and the finance manager agreed that HR was not part of the strategic decision-making process but adopted a more reactive role. The company, an Australian subsidiary of a large Japanese MNE, had traditionally made the major strategic decisions in Japan and HRM had operated around the old personnel management model:

...in the past [the HR function] *has been seen like a personnel type function – but increasingly they are recognising the value is in our people and that we can't just create cardboard cutouts...we have to manage in a different way to the way the Japanese are used to dealing with.*

Company # 3 HR Manager

It could be assumed that the reason for the reduced strategic HR involvement in this subsidiary may be connected to its status as an Australian subsidiary of a large MNE. Other companies, however, operating within the same structure did not report the same situation. In Company # 1, for example, a subsidiary of a large American MNE, it was considered that HR made a critical contribution to all major strategic decisions:

Integration of HR into the strategic decision- making of the organisation? An integral part of it. Whether it is in the U.S. where all

the big decisions are made, or in the region, which is a combination of that country area, or in our case just country – in all cases HR is represented in the major decision-making...we have an Asian Pacific Leadership team.. and HR there has a strategic role to be involved in making decision relating to their region and in making sure that HR policy is considered in all SBUs that make up that group.

Company # 1, HR Manager

Probably the closest connection between any of the functions for our MD would be our HR person and that is to do with how HR is part of the company's philosophy.

Company # 1, Finance Manager

On the basis of these comments the difference in approach between these two MNEs seems to be connected more with national or corporate culture rather than structure.

Finally in one company, (Company # 5), there was a discrepancy between the HR manager's assessment of their role and the finance manager's analysis. In explaining the extent of HR's involvement in major decisions, the finance manager gave the example of a recent major redundancy decision where:

It was essentially a financial decision that we made and the decision was that we needed to 'cut heads' and then we involved [name of the HR manager]... *we certainly involved him immediately on how to implement it.*

Company # 5, Finance Manager

This particular HR manager is part of the central decision-making group but his involvement was clearly restricted. The financial manager specified that :

If he is in the room, he doesn't have to be confined to HR issues but he does not have the high level of business experience needed to make the sort of decisions we are talking about.

Company # 5, Finance Manager

In short, the finance manager respected the HR manager's functional ability but did not consider that the HR manager had the necessary business skills to be involved in critical business decisions.

Overall the responses within this section indicate that HR's involvement in the strategic planning process is generally well respected and supported at the senior management level. Finance managers acknowledged the strategic role of HR and HR managers were generally confident about the strategic value of their input. In two companies (#2 and #7), the specialist HR managers had been recently employed to specifically reinforce a HRM rather than a personnel management role. There were also cases, however, where HR was not fully involved in the strategic decision-making processes and the causes for this varied. In Company # 3, for example, the MNE's corporate culture restricted subsidiary level HR involvement in strategic planning. In Company # 5, on the other hand, the finance manager indicated that the relatively narrow business experience of the HR manager reduced his input into key strategic decisions.

HR involvement in strategic decision-making stages

Based on a research approach used by Purcell (1995), respondents were next asked to identify, on a Likert scale from 1 to 5, the level of actual involvement of HR at each stage of the strategic decision-making process (see Case Protocol, Appendix 3). Table 7.3 records the perceptions of finance and HR managers where 1 represents low involvement and 5 represents high involvement for each stage. Figure 7.4 compares the average scores for both sets of managers. Results reported previously in Table 7.2 have shown that general HR involvement in strategic decision-making is considered to be high. The responses detailed in Table 7.3 and reported graphically in Figure 7.4 show, however, that HR's perceived involvement may vary according to the strategic decision-making stage. For example, both HR and Finance managers

generally agreed that HR was part of the implementation of decisions made. In the earlier stages such as the drawing up of proposals and financial assessment, however, finance managers provided a lower assessment of HR involvement than that provided by HR managers.

Table 7.3 Perceptions of HR's Involvement in Purcell's (1995) Stages in the Strategic Decision-making Process

Company	Drawing up proposals		Evaluating finances		Taking final decision		Implementation	
	HR Mgr	Fin Mgr	HR Mgr	Fin Mgr	HR Mgr	Fin Mgr	HR Mgr	Fin Mgr
1	2	2	1	2	4	3	4.5	5
2	3		3		5		5	
3	1	1	1	1	1	1	5	5
4	3.5	3	4	3	3	4	4.5	4
5	5	1	4	1	4	1	5	5
6	5	3	3	3	2	3	4	3
7	4		4		3		2.5	
8	5	3	4	4	5	4.5	4	3
9	5		5		5		5	
10	2		2		2		4	
11	4.5	3	3.5	3.5	4	3	5	4
12	4		3.5		4		3.5	
13	5		4		4		4	

The comments made by the managers about this issue help to provide a richer context for understanding. Finance managers, for example, specified that HR managers were more likely to be involved in stages where the HR manager had obvious expertise. One finance manager commented:

> *If for example we were looking at a new product, that would be initiated from sales and marketing ... it sort of depends on the decision being made...Things like our policy on casual employment, he* [the HR manager] *would come up with the proposal.. things involved in his area. In the same way that if it was a financial initiative such as a new computer system I would draw up the proposal.*
>
> *Company # 8, Finance Manager*

With respect to the group of HR managers, however, there was some variation in their reported comfort levels when dealing with financial information. Some HR managers confirmed, for example, that the financial stage was one in which their involvement was limited:

> *There are other departments that would play a bigger role in that area – like commercial for instance – but we are not kept out of it, so to speak.*
> *Company # 11, HR Manager*

> *Evaluating financial consequences – I would have medium involvement because I would rely on the financial people to deal with that...*
> *Company # 2, HR Manager*

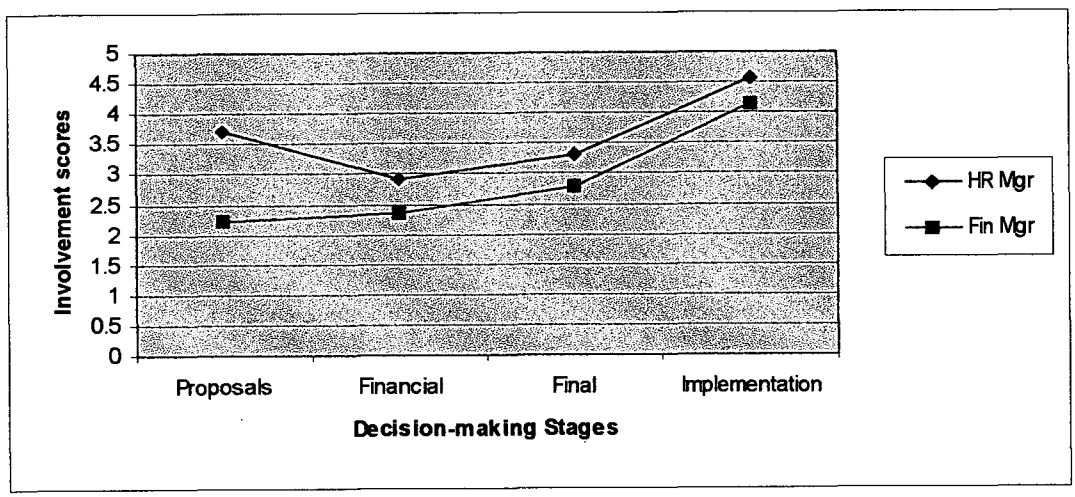


Figure 7.4 Assessment of HR Involvement in Stages of Decision-making

Other HR managers, however, felt that they were well equipped to understand the financial consequences and as a result were more clearly involved in that stage of the process. One HR manager who had commenced his career as an accountant and worked in finance noted:

> *I do get asked quite a bit and I do challenge things put in front of me because I don't want to get into union discussions, close the plant and then find that the operation is profitable and you have 'egg on your face' – so I guess I am in an unusual position.*
> *Company # 4, HR Manager*

Another HR manager, who had a background in Agricultural science and who had worked as an operations manager, had a broad range of control over the major decisions made within the organisation. Although a finance manager was not interviewed in that organisation, the researcher held interviews with two senior line managers and both managers strongly felt that the HR manager held a central decision making role in all stages of the process:

> *Oh yes* [HR Manager] *definitely is central to all parts of the decision making process, I think he is a real sounding board for* [GM] *on all business decisions. He* [HR manager] *has a lot of experience in this industry and he is well respected.*
>
> *Company # 9, Cool Room Manager*

In another organisation where the HR manager similarly had extensive experience in operations, that HR manager was also quite comfortable being involved in all parts of the decision-making process:

> *With any investment I know what is happening...I am part of the debate about whether we can afford to make certain investments, how we will pay, what will be the return on investment. The next bit, taking the final decision, my role in that would be "I think that is a good idea, we should go for it". Of course the managing director signs the cheque but I am certainly part of the process.*
>
> *Company # 7, HR Manager*

Overall, the conclusions that can be drawn about the involvement of the HR manager in key strategic decision making processes for this sample of Australian firms are that generally HR and finance managers felt that HR was an important part of the strategic decision-making process. When the various stages of the decision-making process were broken down however, HR managers were, according to the finance managers, more likely to be involved in the implementation of the decision rather than the preceding stages. There were some HR managers, however, who did have greater involvement in all the stages of the process and these were managers who

had broad business understanding and experience either in finance or a strong background in operations.

Results of the analysis of the factors that impact on HR involvement in the strategic decision-making process

As suggested by Yin (1994), Ticehurst and Veal (1999) and Mason (1998), the analysis of the data was structured around the research question (Research Question 2) and the propositions. As shown in Figure 7.5, some of the Results sub-nodes contain comments about the impact of factors identified in the propositions such as HR representation at the senior committee level, HR access to the CEO/GM, and the impact of the HR manager's career background. Other sub-nodes contain comments that acknowledge additional factors that emerged out of the interview process such as the CEO's commitment to HR and the organisation's culture.

The following discussion analyses the comments that emerged under each of the results sub-nodes and reviews whether the comments support the relevant propositions.

HR representation at the senior committee level

In eleven out of the thirteen cases the HR manager was part of the central decision-making group. A sample of the HR managers' comments relating to HR's representation on the central decision-making committee were as follows:

> *We have a structure here in Australia which is our management or our leadership team and that consists of the General Manager of each of our SBUs and the functional leader of finance, myself in HR, one of the business reps and the Managing Director. So there is a team now of about eight of us.*
>
> *Company # 1, HR Manager*

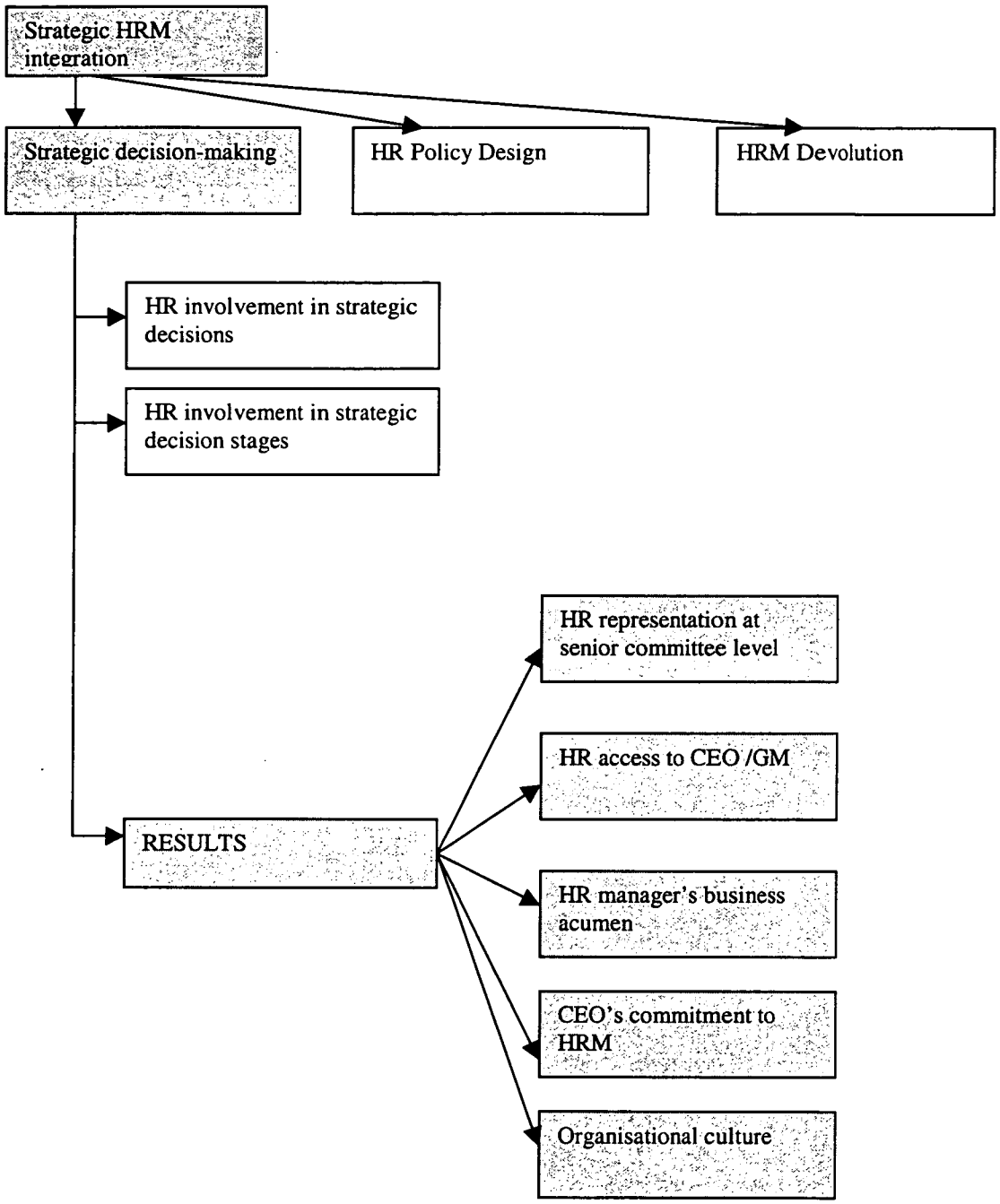


Figure 7.5 Partial NUD*IST Tree of the Analysis of Factors that Impact on HR Involvement in Strategic Decisions

We have got the Australian Management Group which is all the functional heads and the MD and the Business partners – Finance, IS and HR, for the Australian and New Zealand business – we meet on a regular basis.

Company # 2, HR Manager

You have the MDs of all those businesses and a senior marketing guy that has a role across the board and myself...probably a senior finance guy, the MD and the guy that works as a sort of assistant to the MD – there are eight of us.

Company # 4, HR Manager

There is a senior management team that includes the Managing Director...then manufacturing, finance, we have R&D, we have global support. Then we have Sales and Marketing and workplace development which is HR.

Company # 7, HR Manager

This position actually reports to the General Manager directly and I am part of the lead team...There are four of us, operations manager, the national sales and marketing manager, Finance and HR.

Company # 8, HR Manager

...the executive team is made up of myself [HR], *the managing director, manufacturing, the production manager and the logistics manager.*

Company # 13, HR Manager

There were two companies where the HR manager was not clearly represented at the most senior level and the reasons in both cases are quite different. In the first case, the organisation is a very large Japanese MNE. There is a senior HR manager in Australia but strategic decisions are largely made by the Japanese parent company and although HRM initiatives are clearly in place within the organisation, the senior Australian HR manager did not have a role within key strategic decision-making processes. The description was as follows:

HR Manager: *The general managers* [HR is one of these] *form an effective team but the principal strategic decisions are taken by an Executive Board of Australian and Japanese directors.*
Interviewer: *And is there a HR person on that strategic board?*
HR Manager: *Only through the representation of the President.*

Company # 3

The second company (Company # 10) was a small operation that had been taken over by a large MNE. In this case HR was kept in a personnel-style role with HR reporting to Finance and largely dealing with operational decisions.

With respect to their involvement in strategic decisions in the two companies noted above where the HR manager did not have a role on the senior executive committee (Companies #3 and #10) the HR managers indicated that they did not have full involvement in all strategic decisions. These managers also indicated very low involvement in the drawing up of proposals, evaluation of consequences, and taking the final decision. It could be concluded then that lack of representation at the senior committee level precludes effective involvement in the strategic decision-making process. It does not appear however, that senior level representation necessarily ensures full involvement as was shown in the case of Company # 5 where the HR manager was part of the senior decision-making committee but the finance manager clearly indicated that although the HR manager may be in the room and is invited to participate in any decision, he is not necessarily an integral part of the process. This was later clarified as follows:

> Interviewer: *In any of your major business decisions then, would you involve* [HR manager's name] *in drawing up the proposal?*
> Finance Manager: *No.*
> Interviewer: *Evaluating finances?*
> Finance Manager: *No.*
> Interviewer: *Taking the final decision?*
> Finance Manager: *No.*
> Interviewer: *Implementation?*
> Finance Manager: *Probably .*

The finance manager's explanation was that the HR manager did not have "... *the high level of business experience needed to make the sort of decisions we are talking about*". In summary, the comments indicate that although senior committee

representation may provide a mechanism for the HR manager to be part of strategic decision-making discussions, presence at the meetings does not necessarily ensure full involvement.

Access to the CEO

In all of the cases except one, the HR manager had a direct reporting relationship with the CEO or the general manager. The exception, Company # 10, was a company where the HR manager reported to the Finance Manager.

> *I report directly to the Finance Manager – which goes back to the days of when I did payroll – but I report also directly to the CEO for HR matters. It is a direct line to the Finance Director and a dotted line to the CEO.*
>
> *Company # 10, HR Manager*

In this company the HR manager was concerned very much with operational matters and had very little involvement in the central decision making processes within the organisation. The HR manager still rated his access to the CEO as high however, and considered that their personal relationship was good.

Other examples where the relationship between the CEO and the HR manager was confirmed to be good but HR's influence was less strategic were as follows. In Company # 5 the finance manager confirmed the HR manager's appraisal of a close informal relationship with the CEO but this did not increase the HR managers influence in strategic decisions made in the company. As noted previously this finance director explained that business acumen was the factor that determined influence in strategic decisions.

In Company # 3, the close relationship between the President and the HR manager was confirmed by the finance manager but again this relationship did not impact on HR's involvement in the strategic decision-making process. The lack of significant input was connected more with the culture of the company that had its head office in Japan.

The conclusions that can be drawn from this section on the level of access of the HR manager to the CEO are that this connection may not always be a determining factor in the influence that the HR manager had within strategic decision-making processes. From the cases reviewed it was shown that if the company culture is not one in which HR is given a central role this is an important impediment to the successful integration of HRM. Further, the general business ability of the HR manager was also an important factor even when the HR manager had a close relationship with the CEO.

Business acumen of the senior HR manager

There were a number of comments that identified the business acumen of the HR manager as a key factor in the level of HRM integration in the strategic decision-making process. Indeed the main reason given by the Finance Manager in Company # 5 for the lack of strategic involvement of the HR manager, despite that manager's representation on the senior committee, his direct reporting relationship with the CEO and his good informal relationship with the CEO, was the HR manager's lack of appropriate business expertise.

In other companies where the HR manager felt comfortable to be part of all aspects of the strategic process and had the strong support of other senior managers, these managers noted the importance of the business background of the HR manager. In some companies (Companies #4 and #6) this was connected with the financial background of the HR manager and in other cases it was associated with substantial operational experience (Companies #7, #8 and #9). When probing about the HR manager's background with one of the finance managers, the interviewer asked:

> *If he was replaced by someone else, do you think they would have the same involvement in that broad spectrum of decisions?*
> Finance Manager: *Probably not – his background and experience are unique to him and give him the edge.*
>
> *Company # 6, Finance Manager*

CEO commitment to HRM

Another factor that seemed to carry weight in the strategic input of the HR manager was the personal commitment that the CEO had to HRM matters. In Company # 2, the HR manager commented:

> *I would be one of the final decision-makers – my sway there would outweigh the finance side because the people aspect is now seen to be far more important – I was an unnecessary overhead 15 years ago but this CEO sees me as very much a strategic partner.*
>
> *Company # 2, HR Manager*

In Company # 11, the HR manager similarly noted the importance of the support that she got from the GM:

> *Our General manager is our HR source and he thinks that other people should take on the philosophy – it is great to have the support from the top.*
>
> *Company # 11, HR manager*

In Company # 7 the HR manager acknowledged the importance of the commitment that the CEO had to HRM matters in the following statement:

> *Previously HR didn't have an impact, it wasn't a senior role. It was incorporated into manufacturing and then the CEO decided to change the way things were done... I was head-hunted to come here and things have changed.*
>
> *Company #7, HR Manager*

It was clear in these organisations that the CEO had played an important role in initiating a more strategic role for HR.

Organisational culture

The importance of the overall organisational culture was indicated by the different approach to the integration of HRM adopted by a Japanese MNE and an American MNE. In both companies the major strategic decisions were made off-shore. The role of HR, however, at the subsidiary level was quite different. In the Japanese-owned subsidiary, the HR manager commented:

> *HR in each of the subsidiaries has been independent but is seen as a supporting role, subsidiary to the strategic direction that comes out of the manufacturing and the sales side of Japan – so it is really in the past seen like a personnel type function.*

In the American company however, HR was seen to have a much more strategic role at the subsidiary level. The HR manager explained:

> *HR has a strategic role to be involved in making decisions ... HR policy is considered in all SBUs that make up that plan. So if we are talking about the integration of HR into the strategic decision making of the organisation – it is an integral part of it. Whether it is in the US where all the big decisions are made, or in the region...in all cases HR is represented in the major decision making.*

Accordingly, the difference in approach between the two MNEs seemed to be associated with differences in the company wide commitment to the integration of HRM at all levels within the organisation. In the Japanese company the HR manager made the comment:

Increasingly they are recognising that the real value is in our people and that we can't just create cardboard cutouts, we have ..to manage in a different way.

Support for Propositions P1 (a), P1(b), P1(c) and P1(d)

The findings across the companies reviewed show that HR managers are reporting involvement in strategic decision-making processes and there is evidence that this is supported by other managers in the same organisations[64]. With respect to HR involvement in all the stages of strategic decision-making however, there was some variation in the agreed level of HR involvement. In the analysis several factors emerged as being important in determining whether or not the HR manager was involved in strategic decision-making activities. The following discussion summarises the relevance of these results, as depicted in Table 7.6, for each of four propositions connected with the involvement of HR managers in strategic decision-making.

First, P1(a) states that HRM integration in the strategic decision-making process will be greater when there is HR representation at the senior committee level. Results show that indeed lack of representation at the senior committee level was associated with reduced HR involvement in central decision processes in Companies #3 and #10. In the eleven remaining companies, however, where the HR manager was on the senior decision-making committee, comments of relevant managers indicate that although senior committee membership provided an important forum for the HR manager to be part of decisions made, it did not necessarily ensure that HR managers became involved. In company #5 for example, the finance manager was quite clear

[64] See comments above made by relevant managers in Companies #1, #4, #6, and #8.

that the HR manager had limited involvement. Further the results for HR involvement in decision-making stages as depicted in Table 7.3, show that in Companies #1, #4, # 5, #6, #7, and #11, either the HR manager or the finance manager or both indicate medium to low involvement of the HR manager in a number of decision-making stages. These reported levels of the low involvement of HR managers in companies where HR managers are represented on senior committees account for the limited support identified in Table 7.4 for proposition P1(a).

Table 7.4 Levels of Support for Research Propositions 1(a), 1(b), 1(c) and 1(d)

Proposition	
P1(a). HRM integration into the strategic decision-making process will be greater when there is HR representation at the senior committee level.	√
P1(b). HRM integration into the strategic decision-making process will be greater when there is a direct reporting relationship between the HR manager and the CEO or GM.	√
P1(c). HRM integration into the strategic decision-making process will be greater when there is a good informal relationship between the HR manager and the CEO or GM..	√
P1(d). HRM integration in the strategic decision-making process will be greater when the senior HR managers has greater business acumen.	√√

Key:
√: Limited support
√√: Support

Limited support for P1(b) is also identified in Table 7.4. This proposition states that HRM integration into the strategic decision-making process will be greater when there is a direct reporting relationship between the HR manager and the CEO or GM. The results indicate that when there is no direct reporting relationship between the CEO and the HR manager this is associated with reduced involvement in strategic decision-making. The HR manager in Company # 10, for example, did not report

directly to the CEO, and it was clear that he was not involved in strategic decision-making processes.[65]

In the remaining twelve companies where the HR managers did report directly to either the CEO or the GM, however, this did not necessarily improve HR involvement in all levels of the decision-making process. HR managers made comments such as *"...I would have medium involvement"* and *"...There are other departments that would play a bigger role"*. This finding explains the limited support result for proposition P1(b).

The third proposition P1(c) that investigated whether HRM integration into the strategic decision-making process will be greater when there is a good informal relationship between the HR manager and the CEO or GM was also given limited support. A good informal relationship between the HR manager and the CEO did not necessarily improve involvement in the strategic decision-making process. In companies # 3 and #5 where both HR managers and finance managers agreed that the informal relationship between the CEO and the HR manager was very good, the HR managers were not highly involved in all the strategic decision- making stages. The finance manager in Company #5, for example, assessed the HR manager's involvement in three of the four key decision-making stages as 1 (low involvement). These findings explain the limited support given to P1(c) in Table 7.4.

[65] When this HR manager was assessing his involvement in decision-making using Buller and Napier's (1993) classifications (see Figure 7.2), he indicated that he had input into personnel matters only. Further, he assessed his involvement in Purcell's (1995) strategic decision-making stages as being low, scoring himself as 1 (low involvement) on three of the four key decision-making stages (See Table 7.5).

Finally, there was support for P1(d), where the proposition was that HRM integration in the strategic decision-making process will be greater when senior HR managers have greater business acumen. In the interviews this factor did emerge as an important indicator of the degree to which HR managers became involved in strategic decision-making. As mentioned above, the absence of this factor detracted from the HR manager's involvement in Company #5 despite the HR manager's representation on the senior committee and his direct formal and good informal relationship with the CEO. On the other hand, in cases where the HR manager *did* have financial or operational business experience, interviewees stressed that this was a determining factor in the HR manager's involvement in all aspects of the strategic decision-making process.[66] The importance given to the business acumen of the HR manager in these interviews accounts for the level of support indicated in Table 7.4 for this proposition.

Other factors that emerged from the results as key contributors to HR strategic decision-making involvement were the importance of the support from the CEO for HRM initiatives and a company culture that was committed to the organisation-wide integration of HRM.

Integration of HR Policy and Practice

Figure 7.6 depicts the node structure that was used to organise the data around the second feature of the goal of HRM integration, the integration of HR policy areas. The following discussion will include an initial analysis of the responses under each of the nodes that included comments connected with the design of a HR strategy, the

[66] This occurred in companies #4, #6, #7, #8 and # 9.

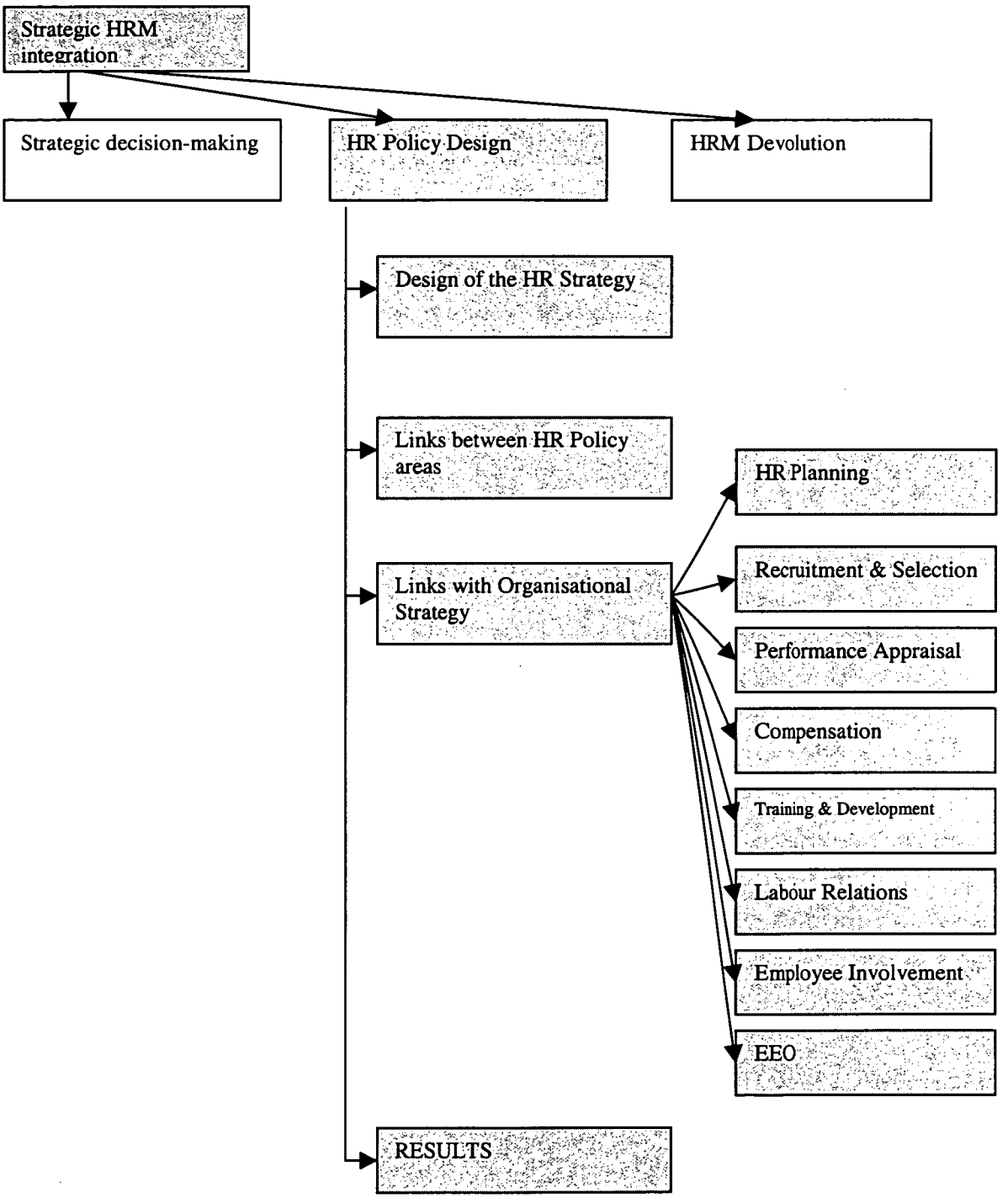


Figure 7.6 Partial NUD*IST Tree for Integration of HR Policy

compatibility and links between HR policy areas and the linkages between HR policy areas and organisational strategy. The discussion will conclude with a review of the comments that were collated within the results node that indicate the factors that support or detract from the integration of HR policy design.

Attempts to develop HR strategy

In order to evaluate if HR managers had actually developed a strategic HR plan, interviewees were asked whether there was any documentation that outlined a basic set of principles that aligned HR policy design with the overall strategic direction of the company. In the larger companies, only two interviewees were working on a document that was separate from the company corporate mission statement and business plan and dealt with the strategic role of the HR function. In one of these companies, Company # 2, the HR manager spoke at some length about his view of HR's emerging role as a business partner within the strategic management processes. He stated for example that a large part of his role is to:

> *...look at how HR inter-relates with the business and currently I am working on gauging how successful HR initiatives are proving to be... you can see up here on my board, 'HR processes – feedback'.*
>
> *Company # 2, HR Manager*

In support of this he was in the process of developing a HR strategic directions statement. His comment with respect to this was:

> *I am currently developing a HR strategic plan .. one part of it is to describe how the HR aligns effort and capability to business issues...and the other part is to discuss how HR sees itself doing it all.*
>
> *Company # 2, HR Manager*

The HR manager in Company # 4 similarly commented:

> *We haven't got one* [a HR strategy] *that bridges this whole area. We are trying to do this right now, we got together about two weeks ago and allocated tasks...my personal aim is to put together a total HR strategy*

for Australia...a desire and aim of what you want in the divisions and then having all your HR processes aligned with that.

Company # 4, HR Manager

Both of these companies are large MNEs, Company # 2 is a British MNE and Company # 4 is Australian. Size did not necessarily ensure that such a process was in place however as the other two large MNEs, Company # 3 (Japanese) and Company # 1 (American) had not developed a separate Australian HR strategic plan. In Company # 3 the HR Manager explained that the role of HR is still evolving and establishing itself. His comment was:

In this company the position of HR is increasingly becoming clearer in people's minds .. the documentation of it will happen once we have come to an understanding of what it is going to mean.

Company # 3, HR Manager

In Company # 1, on the other hand, although there was no separate HR strategy, the senior managers in that organisation were in no doubt about the importance of the organisation's commitment to people development. The three senior managers that were interviewed in that company all stressed that although there was no separate HR strategic document, the commitment to HRM that was identified in their other strategic statements was something that was clearly understood and acted on throughout the organisation. The HR manager noted:

... In all our Mission./ Vision statements there is a piece around people – people are part of the core values of the organisation so it seems to be ingrained in all of our activities.

Company # 1, HR Manager

The incorporation of HRM values within the primary strategic statements, was similarly seen to be a key focus for HR in Companies # 5, # 6, # 7, #8, # 9 and # 12. The managers in these companies considered that the statement of a commitment to the value of people in the Mission statement or company vision acted as a strong

organisational value that directed HR policy design. In Companies # 5 and # 7 the HR managers had restated these values as a separate HR strategy but the documents were very broad. The extract presented in Figure 7.7, for example, illustrates the largely non-specific content in these documents:

> *2.1.2 Goals*
> *Performance to our operational, financial, customer and employee key result areas will be measured regularly and articulated to all employees...*
>
> *2.1.8 Communications systems*
> *Each of our leaders will regularly reinforce the values and behaviours outlined in the Vision during their day to day interactions with their people and in their regular meetings*
>
> *Extracts from Company # 5's Human Resource Strategy*

Figure 7.7 Extract from Company #5's HR Strategy

In summary, in the companies reviewed there was little evidence of a separate HR strategic policy document. In two large MNEs there was a very clear attempt to take such approach but in general the HR focus was broadly embedded in the company mission statement.

Links between HR policy areas

As well as discussing a general strategic plan for HR, interviewees were asked to discuss their attempts to connect the various HR policy areas. In response some HR managers provided considerable detail about their efforts to review the integration of HR policy areas whilst other HR managers had not considered policy integration to be a high priority.

Company # 9 was a company that had taken considerable care to integrate HR policy areas and align HRM with business needs. The HR manager had experimented with a wide range of change management techniques and had come up with a hybrid

people management transformation process that suited the specific needs of the company. The process involved a continuous attempt to scrutinise and document the links between recruitment and selection, training, performance management and compensation. Furthermore, the HR manager, spoke of the changes with respect to the impact that these initiatives had made to the bottom line:

> *We are interested in changing the synergy...starting to put good figures on the bottom line.*
>
> *Company # 9, HR Manager*

Other senior managers in the company confirmed the success of the HR Manager's commitment to aligning employee development with business needs:

> *...a lot of success this company has probably has to do with the unique system he puts into place.*
>
> *Company # 9, Maintenance Manager*
>
> *..we have had a lot of training in the interactive management stuff and it works. It really does. We changed the culture, we have reduced the numbers here and we have had no union problems at all.*
>
> *Company # 9, Cool Room Manager*

The HR manager in Company # 12, who had started his career in Accounting, similarly spoke at some length about the importance of aligning the various HR policy areas around the common focus of the business plan:

> *I use the business plan as a starting point... I am trying to basically getting back to people understanding the business.*
>
> *Company # 12, HR Manager*

In Company # 7 the HR manager was also committed to the development of an integrated set of HR policies that supported business objectives and showed the interviewer the HR Manual that had he had recently designed to deal with a previous HR system that was *'...not consolidated'*. He viewed the process as a critical step in enabling organisational change and developing business efficiencies.

I am here to make a difference to the bottom line..and that is what I am trying to achieve.

Company #7, HR Manager

Finally in Company # 1 the HR manager did not speak at length about the alignment of HR policy with business strategy but he did indicate that he was addressing the issue of HR policy compatibility as a current priority and made the comment:

We are in the process of developing a more formalised system which is concerned with overall HR development.

In the remaining seven companies the HR manager made comments that indicated that the HR policy areas were more loosely linked:

We are certainly not trying to set things that would be in opposition or contradictory...but in terms of having all forms ending up in the right place and inter linking, we don't go to that detail.

Company # 6, HR Manager

...there is not a huge resource at the moment to do many of the things that we would like to do so we have lots of balls in the air..You still have to handle the day to day issues.

Company # 3, HR Manager

In company # 3, a senior line manager suggested that not only was there a problem linking different HR policy areas but there was also a problem of uniformity across different production sites with respect to a single area of policy design. He described the case where several plants had been combined and the resultant problem with inconsistent policy design:

...And then everyone gets on the one site and wow!..There was a need to clean up policies, there was a need to define policies...and we have been going through that I guess for 4-5 years and we have still got some way to go.

Company # 3, Paint Shop Manager

Overall, six of the companies were either involved in a current commitment to the integration of HR policy areas or had previously set up a strongly integrated HR system. In some cases the HR managers had made an explicit attempt to connect HRM initiatives with the company bottom line. This connection between organisational priorities and HR policy design is explored further in the following section.

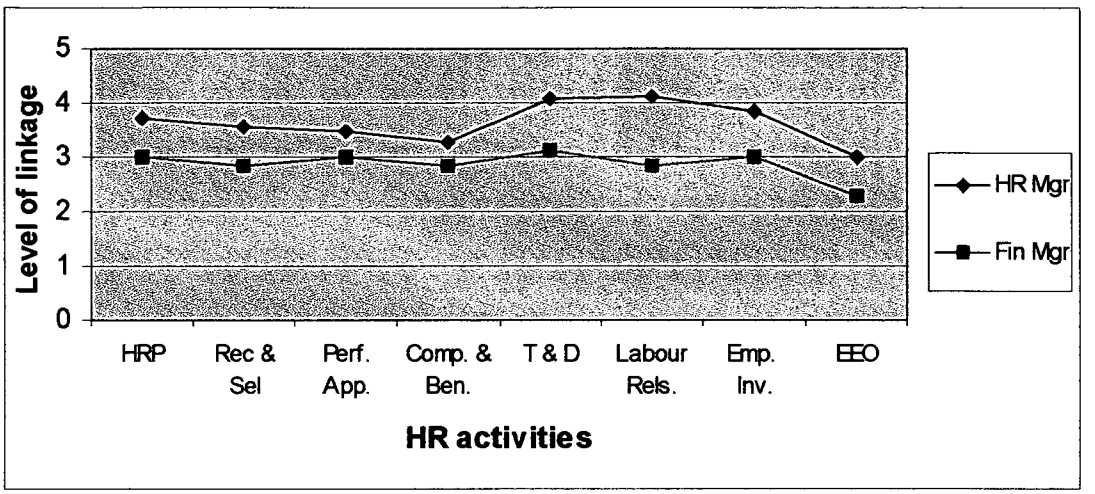
Links between HR policy areas and organisational strategy

HR and Finance managers were asked to rate on a scale of 1 to 5, their perceptions of the links between HR policy areas and organisational strategy, where 1 represented a low linkage and 5 represented a high linkage. The HR policy areas that were identified were HR planning, recruitment and selection, performance appraisal, compensation and benefits, training and development, labour relations, employee involvement and EEO. Figure 7.8 plots ratings for the seven companies where both the HR and finance manager provided information on this item. As can be seen, HR managers were consistently more positive in general about the integration of HR policy initiatives into organisational strategy.

The comments associated with this item provide some further insights into the integration of specific HR areas. One domain that several of the managers felt required greater strategic attention was that of HR planning:

> *One issue that we have been trying to get more strategic about is succession planning, resource planning is poor..it is not ad hoc but it is definitely opportunistic.*
>
> *Company # 1, Finance manager*

So, if you look for future managing directors or vice-presidents, you are certainly not going to be putting an advert in the newspaper, you need to consciously plan to develop your own people.



Company # 2, HR manager

Figure 7.8 Links Between HR Policy Areas and Organisational Strategy

Labour relations was another area that attracted comment. Finance managers generally scored the area as being less strongly connected with organisational strategy and several HR managers agreed that although it was important, it was an area that was largely under control and as such did not require planning for:

Industrial relations and employer relations is largely sorted out.
Company # 12, HR Manager

It is a few years since we have had any drama with that.
Company # 11, HR Manager

One finance manager commented, however, that their company that had been involved in significant downsizing had not planned effectively for the labour relations impact:

I don't think we are very good at explaining changes to everybody...Hence you see articles in the paper about us shutting this particular facility, it is putting people out of work...we just don't communicate the change well.
Company # 4, Finance Manager

The HR area that was given the lowest strategic priority was EEO and diversity. Comments indicated that it was not considered to be a problem and therefore was not necessarily included in the strategic planning for the company:

> *We simply look at the best person for the job, you don't think about EEO, it is not an issue.*
>
> *Company #12, HR Manager*

> *I think this is the least important area, and this is not a disservice to it...we don't have to line up with the American concern with quotas...It is nice to have it in place but it is not fundamental for the business success.*
>
> *Company # 4, Finance Manager*

The conclusions that can be drawn from this section that has dealt with the design and integration of HR strategy are as follows. First, comments collated under the node relating to the design of a HR strategy, revealed little evidence of a separate HR strategic directions statement. In two large MNEs the HR manager was attempting to create a detailed plan for the HR department but in other companies the strategic view for the HR department was either embedded in the company mission and values statement or described in a separate HR statement that similarly re-stated a broad set of HR values and goals. In general there was little evidence of a tactical plan connecting HR principles to organisational strategic priorities.

Second, the comments collated under the node that reviewed links between HR policy areas indicated that although there was a clear commitment to create consistency within HR policy areas in five of the companies this was not generalised across all of the thirteen companies. Finally, the comments under the node that reviewed the links between HR policy areas and organisational strategy, HR managers generally felt that HR policy areas were integrated into organisational strategy. Finance managers consistently provided lower scores for this. The

comments from some of these managers suggested that there was a need for greater attention to the areas of HR planning and, in conditions of change and uncertainty, labour relations.

Results of the analysis of the factors that impact on the integration of HR policy design

To determine the factors that support or detract from the effective integration of HR policy, themes from the data were organised under a results node that is depicted in Figure 7.9. As noted previously the analysis of the data was initially structured around the relevant proposition (Yin, 1994) as well as allowing for emergent factors. Accordingly the impact of senior committee representation is analysed first and then the emergent theme of the importance of the role of the HR manager as a 'champion' of policy integration is discussed.

HR representation at the senior committee level

In two of the thirteen cases the HR manager was not part of the senior committee. In these two organisations, Companies # 3 and # 10, there was no separate HR strategy and there was little evidence of attempts to link HR policy areas as the following comments indicate. In Company #3, for example, although this company is a large Japanese MNE, HRM in Australia is still being developed and the HR manager explained that *"...the documentation of it will happen once we have come to an understanding of what it is going to mean"*. In Company #10, the HR manager was more concerned with day-to-day operational matters than strategic HR planning and he explained that *"...there isn't a written strategy... we get by day to day...there isn't a lot of planning going on"*.

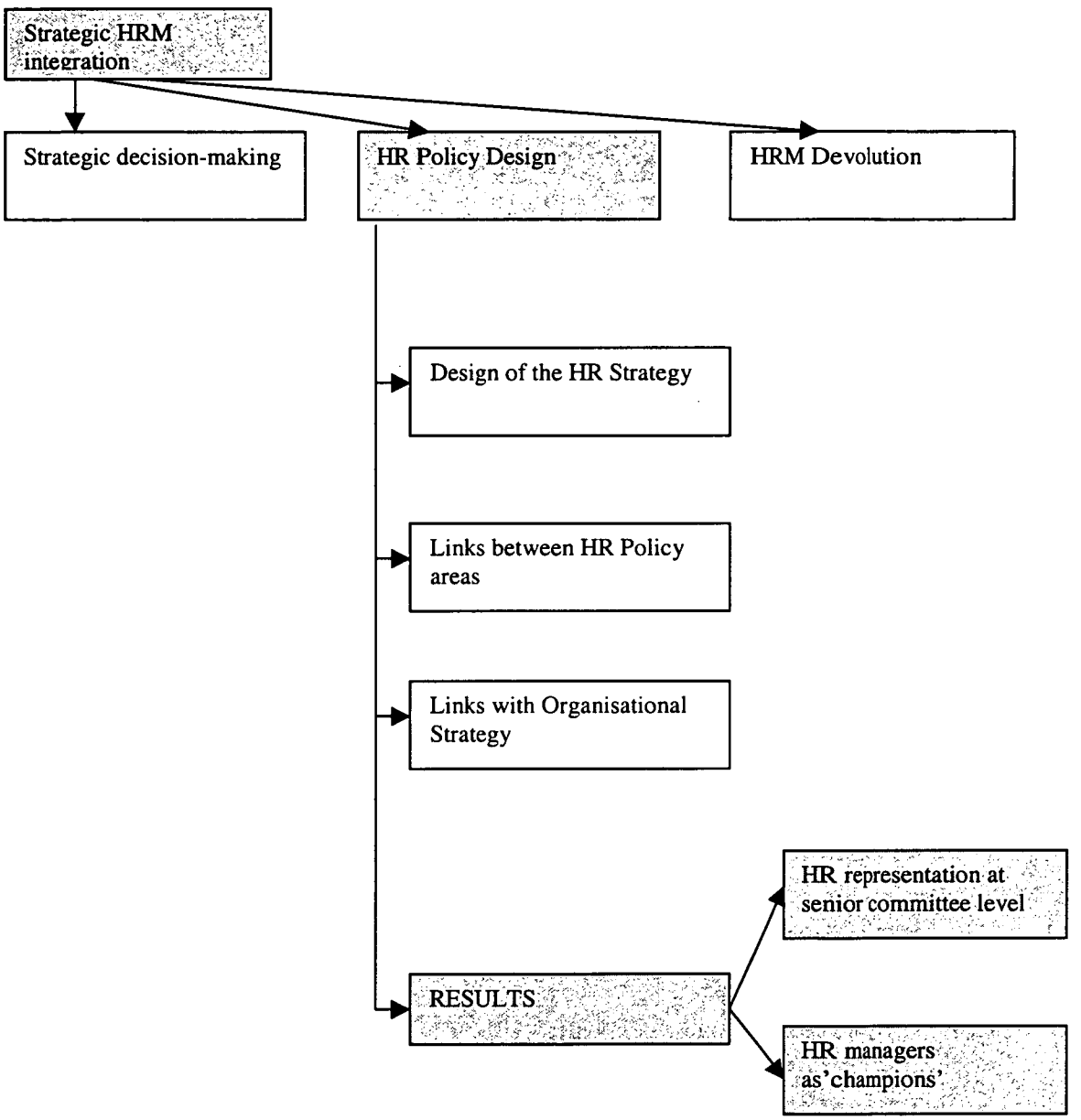


Figure 7.9 Partial NUD*IST Tree for the Results of the Analysis of Factors that Impact on the Integration of HR Policy

It is apparent then that in the two companies where there was not a HR representative on the senior committee, HR policy integration was not a priority. The following results indicate however that the presence of the HR manager on the senior committee in the remaining eleven companies did not necessarily increase the incidence of clearly aligned HR policy design.

Most of the HR managers in the eleven companies where the HR manager was present at senior level committee meetings reported a high level of integration of HR policy development with organisational strategy, as depicted in Figure 7.8. Evidence of actual attempts to develop consistent HR policies and link the HR policy areas with organisational strategy, however, was restricted. For example, in only two companies, (#2 and #4), had the HR manager set out to design a tactical document that would connect HR policy development with organisational needs. The majority of the remaining companies were satisfied that references made to HRM values in the company Mission or values statements was sufficiently directive.

Despite the absence of a HR strategic document in three other companies (#7, #9 and #12), HR managers did provide other evidence of attempts to make connections between HR policy areas and align HR policy areas with organisational strategy. These HR managers clearly described the bottom line implications associated with their attempts to align HRM initiatives and showed the interviewer recently designed HR manuals where attempts had been made to link areas such as recruitment and selection, training, performance management and compensation. Finally, the HR manager in Company #1, indicated that this was an area that was a current priority and that a more formalised system was under review.

HR Managers in the seven other companies however were not as committed to integrating HRM with business needs. Although they were members of senior decision-making committees and rated various HRM initiatives as highly integrated with organisational strategy, there were no obvious attempts to either create a detailed HR strategic directions statement, develop formal internal links between HR policy areas or build organisational strategic directions into their HR policy initiatives. In short the HR managers themselves were not clearly committed to the process of HR policy integration. This does not suggest that the HR systems in these companies fail to take business needs into account but rather that there is currently an absence of overt attempts to create an integrated HR system.

Discussions with finance managers suggest that they generally rate HR policy integration as lower than the HR managers (see Figure 7.7). These managers also raised concerns about the lack of attention to HRM priorities such as HR planning and labour relations and articulated a lack of interest from the company's perspective on issues associated with EEO and diversity.

HR managers as 'champions' of HR policy integration

As noted above all of these eleven HR managers were present at senior committee level meetings but it was really only the HR managers in companies #2, #4, #9, # 7 and #12 that saw HR policy integration as an important part of their role and had either developed a HR strategy or taken steps to develop clear links between HR policy areas. In interviews with each of these five HR managers it became evident that these actions to either develop a HR strategy or assist integration between HR

policy areas, were connected with a personal commitment to ensure that HR is aligned with business needs and is internally consistent.

In company # 2, for example, the HR manager had spoken at some length about his role as a business partner and how he saw the development of a HR strategic plan as a way to align HR *"...effort and capability to business issues"*. Similarly in Company #4, the HR Manager outlined *"...a personal aim to put together a total HR strategy for Australia"*. The HR managers in Companies #9, #7 and #12 were also committed to aligning HR with the business needs and commented respectively, "*...I am here to make a difference to the bottom line"* , *"We are interested in changing the synergy...starting to put good figures on the bottom line"* and *"..I am trying to basically getting back to people understanding the business"*. Overall in the parts of the interviews that dealt with HR policy integration, these HR managers stood out as individuals who had strong views on the HR business partner role and this, rather than their presence on the senior committee, determined the successful design of either HR strategic documents or the development of consistent HR policy.

Support for Proposition P2

As shown in Table 7.5, Proposition 2 states that greater representation at the senior committee level will increase attempts to integrate HR policies and practices so that they complement each other and fit with organisational strategy. In the five companies that had made attempts to integrate HR policy initiatives, all the HR managers held positions on the senior level committees. However, five of another seven companies that had not developed this level of HRM integration, also had HR management representation on the senior committee.

Table 7.5 Level of Support for Research Proposition 2

P2. Greater integration of HRM policies and practices such that HRM policy areas complement each other and fit with organisational strategy will be evident when there is HR representation at the senior committee level.	✓

Key:
✓: Limited support

It would appear then that senior level committee representation may provide a support for HR policy but it is not sufficient to ensure that HRM policy integration is in place, therefore only limited support for proposition P2 is indicated in Table 7.7. Alignment of HR policy design may actually be more dependent on the HR manager's recognition of the need to prioritise the HRM policy integration and their decision to set up the necessary links as was identified in Companies # 2, #4, #9, # 7 and #12.

Integration of HRM Responsibilities at the Line Level

Figure 7.10 depicts the node structure that was used to organise data to address the final feature of HRM integration, the devolution of HRM responsibilities to the line. As can be seen from Figure 7.10, data was grouped into sub-nodes that included general comments about the degree of HRM devolution to the line and a second sub-node that reviewed the degree of devolution of specific HR practices. Finally, factors that emerged as supports or barriers for the successful devolution of HR activities to the line were grouped under the results node. The following sections will summarise the content of each of these sub-nodes.

Degree of HRM devolution

Both HR managers and line managers were asked on a Likert scale item, similar to the scale used by Pool and Jenkins (1997), to estimate the degree of HRM

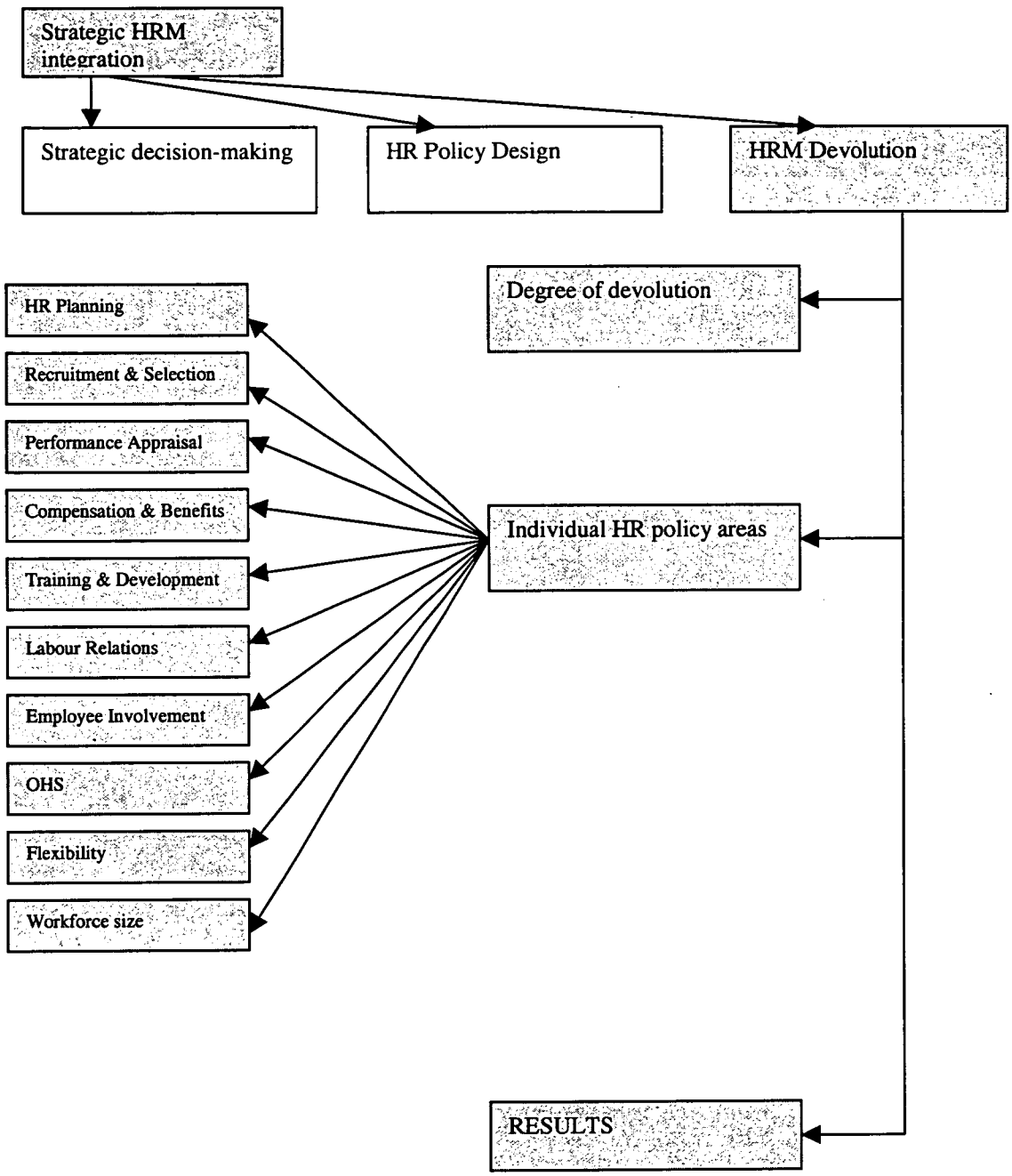


Figure 7.10 Partial NUD*IST Tree for the Devolution of HRM to the Line

devolution. A score of 1 indicating low devolution was described as 'HR assumes full responsibility for effective management of human resources'. A score of 5 indicating a high degree of integration was described as 'HR provides advice to line management, who is responsible for effective management of all human resources'. The responses to this item are plotted in Figure 7.11.

The eight companies, where both HR managers and line managers provided a score, are identified on the x axis. The scoring shows that the majority of the line managers reported a relatively high level of devolution. The HR manager's responses showed slightly greater variation. In general the comments made by HR managers when answering this item revealed that although HR managers could not report complete devolution of HRM matters to the line, HR managers were definitely committed to the decentralisation of HRM and were working towards it.

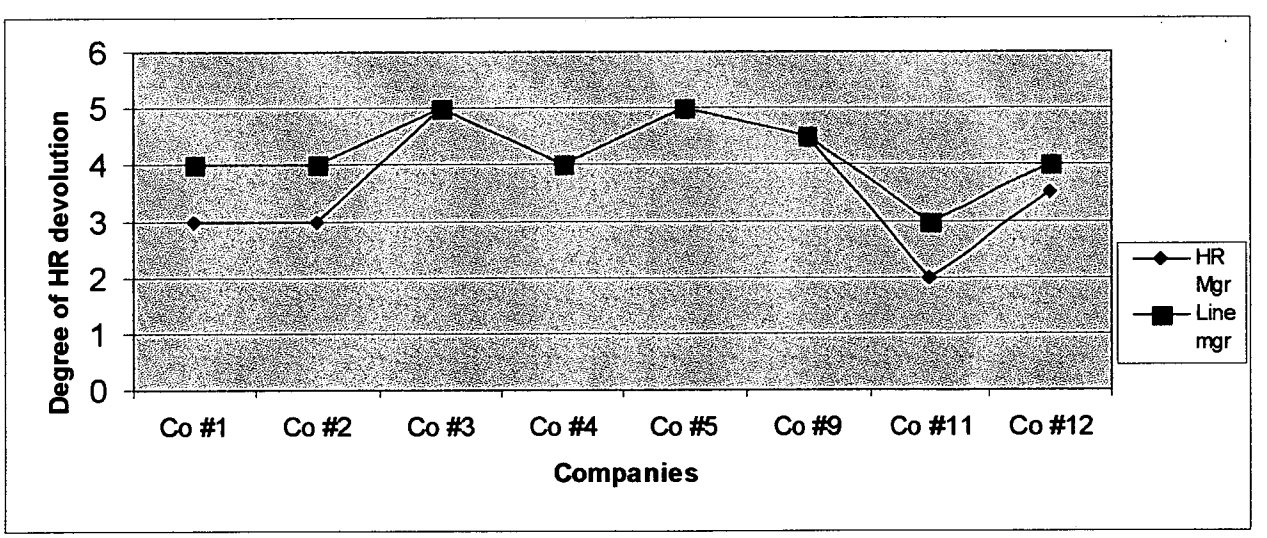


Figure 7.11 HR and Line Managers' Estimates of the Degree of HRM Devolution

The following comments illustrate the general level of agreement with the need to decentralise HRM:

Our aim is to drive it into the operations area as much as possible – in other words make people responsible for people issues. It is silly having everyone deferring their problems to some central group.

Company # 4, HR Manager

...what we have been doing is more centralised – the responsibilities have been devolved to the line managers.

Company # 6, HR Manager.

... You [HR] *are basically empowering people down on the floor, you can tell the workers to do the right thing...and after a while your job then becomes redundant.*

Company # 13, HR Manager

I am trying to do myself out of a job...if you have your managers communicating together and they have the strategic direction – and from there you have your group team leaders communicating back with the workers – why would you need a HR person?

Company # 8, HR Manager

My aim is to have line managers be their own HR managers – I fundamentally believe that is right.

Company # 2, HR Manager

In general the comments of the line managers also support the apparent push to devolve HRM responsibilities. The following comments illustrate the experiences of line managers with respect to HRM duties:

I guess we share the HR duties amongst ourselves, it has really become a line function... the person who is responsible for the person with the problem handles it.

Company # 4, Operations Manager

If I have an issue, I handle the issue, I don't go to [the HR manager] *as he is not going to handle it for me..I personally prefer it that way.*

Company # 5, Service Manager

...I do it all – if anything I do too much. I have recruited for example and not included HR at all – which was a mistake- but when it comes to dealing with these matters people report to me and I take on the HR matter myself.

Company # 2 Operations Manager

...we do everything – employment, moving people going through the process of saying 'goodbye' to people.

Company # 9, Cool Room Manager

...if you had spoken to us two or three years ago we would have said "... HR, they are getting us to do everything"...I would like to say if you spoke to most of us today we welcome the changes and we think it is the right way to go.

Company # 3, Paint Shop Manager

I see it that those people out there are mine and it is my responsibility to look after them...I see it as 'the buck stops here'. I still seek advice and assistance however from HR, particularly on the legal side.

Company # 12, Operations Manager

Overall, comments grouped within the section above indicate that both HR and line managers acknowledge the increased role that line managers are playing with respect to HRM matters. Within the next section, comments will be analysed to review the separate areas of HRM to identify whether there are any areas of HRM that pose particular problems for line managers.

Devolution of Specific HR activities

Figure 7.12 shows estimates given by HR managers for changes in responsibility for specific HR activities over the previous three years. The results show that over 40% of the HR managers reported increases in line management responsibility levels across the full range of HR activities with the exception of the area of EEO (see Figure 7.12). Over 60% reported increased levels of devolution of training and development, labour relations, and occupational health and safety in the previous three years.

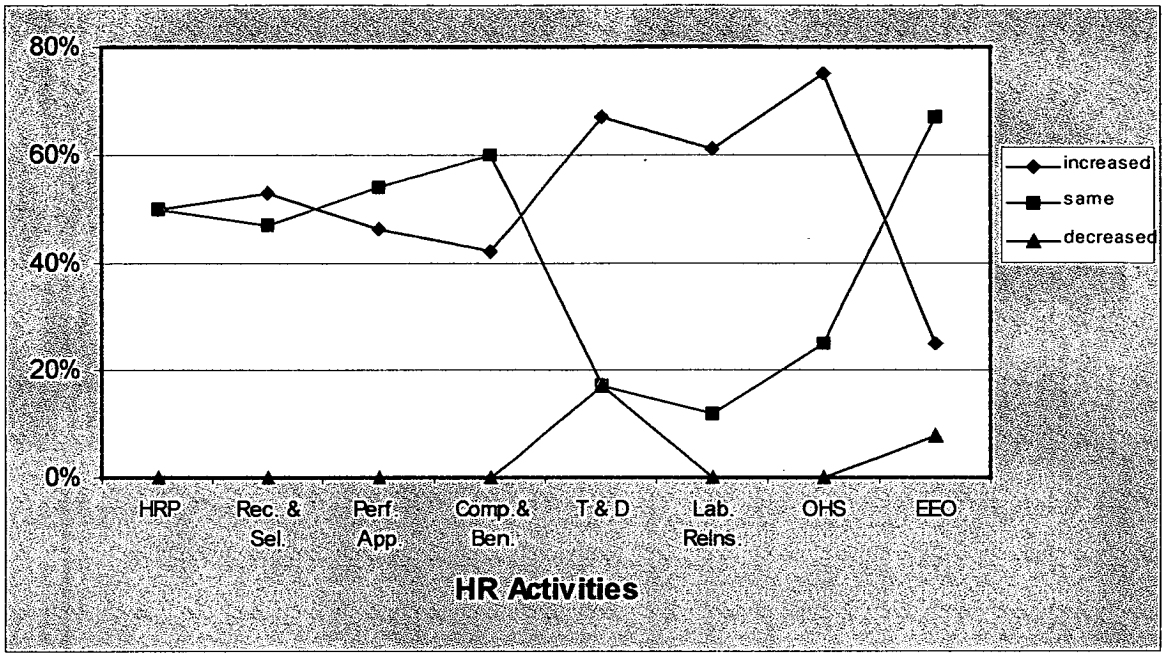


Figure 7.12 HR Managers' Estimates of Changes to Line Managers' HRM Responsibilities

In their comments, HR managers specifically referred to the areas of recruitment and selection and training and development as follows:

> *Training and development a bit more so because depending on the department, we can't tell them what their needs are because we are not experts in their area.*
>
> *Company # 11, HR Manager*

> *They actually decide on the training that they want – they are closest to the problem – we help them get what they need.*
>
> *Company # 1, HR Manager*

> *They have quite a substantial hold on recruitment and selection – and I think that is right – if they see there is eventually a problem they can't blame someone else – just themselves.*
>
> *Company # 4, HR Manager*

Figure 7.13 plots line managers' estimates of the degree of change in responsibility for HR activity and the Figure shows that line managers similarly reported increasing devolution of HR duties. A total of 50% or more of these managers reported increases in responsibility levels across all HR areas except compensation and benefits where 40% reported increases.

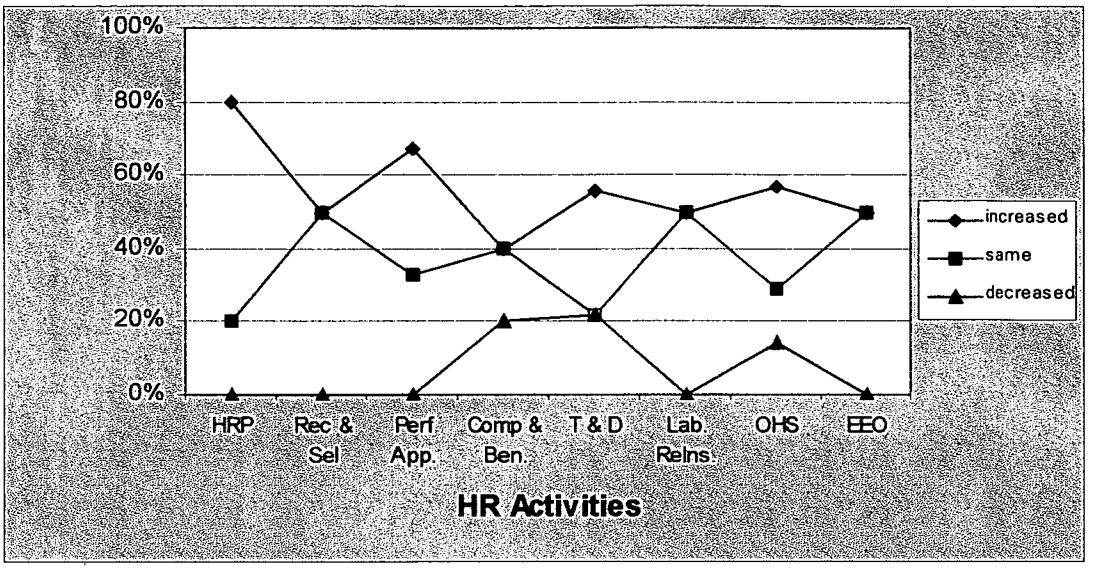


Figure 7.13 Line Managers' Estimates of Changes to their HRM Involvement

One area that attracted quite a bit of comment from both HR and line managers was labour relations. Several managers, for example, suggested that the presence of a dedicated specialist on site could actually escalate industrial problems:

> *We have found that if you have a guy in the plant with IR manager on his door – you will have people lined up there all day long. If you haven't got a door with IR on it, you will find that the line manager will resolve it at the outset.*
>
> *Company # 4, HR Manager*

> *Labour relations is pretty high as it is best to handle that as close to the source as possible.*
>
> *Company # 4, Operations Manager*

> *With IR too many people can get involved...I'm not saying that HR should not be there at all but only as a last stop adviser.*
>
> *Company # 3, Paint shop Manager*

> *With IR our desire is to make certain that line managers deal with the issues at the outset before they escalate into something much bigger...really solve problems at the lowest level.*
>
> *Company # 4 HR Manager*

Overall both HR and line managers indicated that line management involvement in HRM activities has generally increased across the board. Interviewees were particularly vocal about the increase in the devolution of the HR areas of training and development, recruitment and selection and employee relations.

Results of the analysis of the factors that impact on the devolution of HRM responsibilities

Within this discussion about the degree of integration of HRM responsibilities into the line management role, managers were asked to comment on the factors that encouraged or detracted from the readiness of line managers to absorb HRM responsibilities. Figure 7.14 depicts the themes that emerged from these discussions.

Budget and production pressures

The following comments highlight the impact of budget and production pressures on line manager's acceptance of HRM initiatives:

> *The things that stop line managers from attending to HR matters?...They are focussed on production and feel that they don't have the time.*
>
> *Company # 4, HR Manager*

> *The focus can be very much on production "get it out the door as quick as we can" ...so although they haven't done a bad job over the years in the Human Resource area, there are some areas that have just gone by the wayside.*
>
> *Company #13, HR Manager*

When discussing the area of training and development, one line manager commented that *"...we don't do enough of that..."* When asked why the manager replied:

> *Time and money...the short term focus – get a result today, get the boxes out today.*
>
> *Company # 4, Operations Manager*

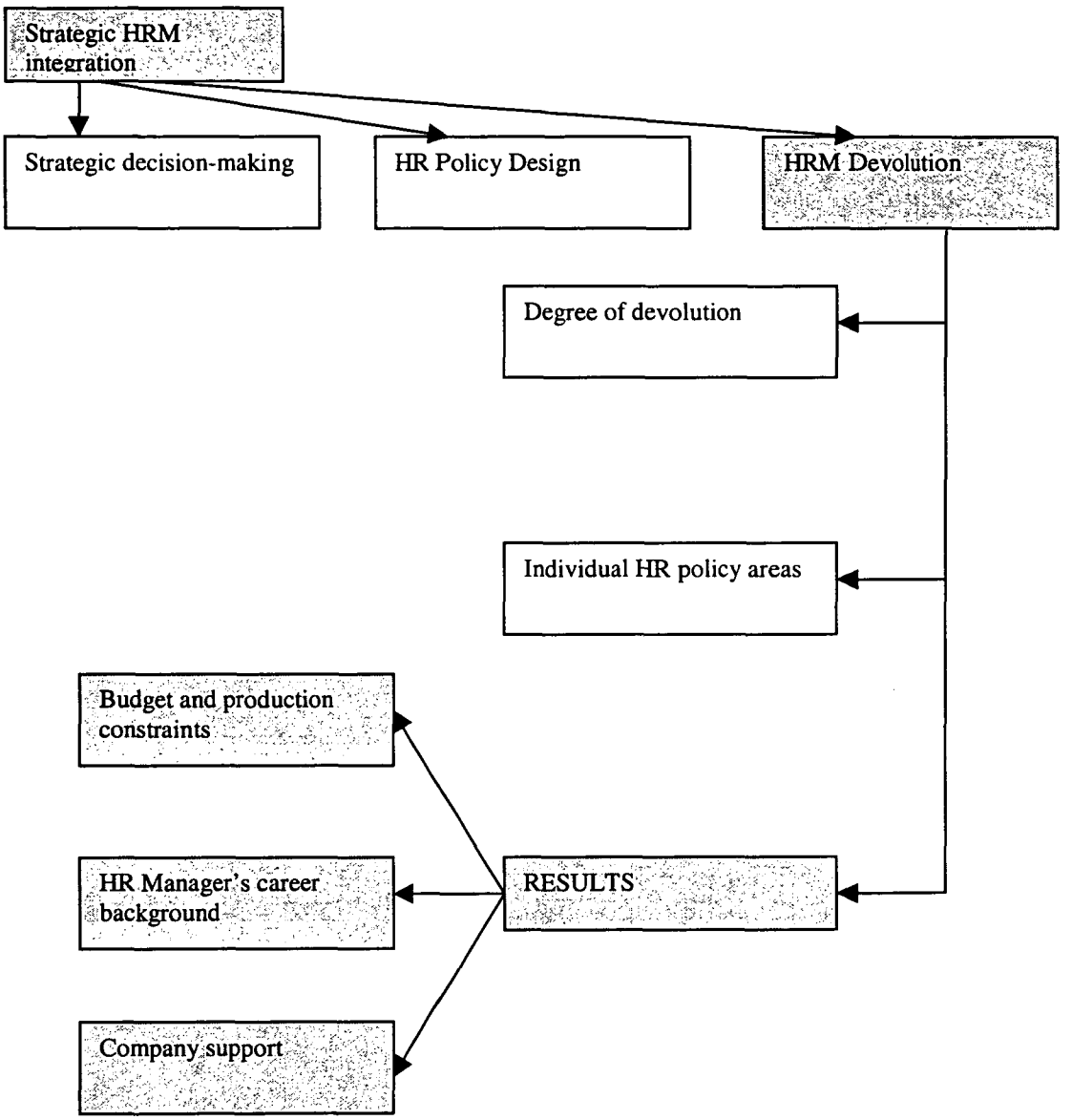


Figure 7.14 Partial NUD*IST Tree for the Results of Factors that Impact on the Devolution of HRM to the Line

Another line manager similarly noted the frustration of balancing budget and production pressures with HRM responsibilities:

> *...the bottom line is you have got to look at your business, what am I here to do, am I here to organise training for people or am I here to make cornflakes! Do you understand? It is important to do that but also I guess I am sensitive to the fact that I am accountable to the business.*
>
> *Company # 2, Operations Manager*

Again in Company # 6 the HR manager described a similar situation:

> *...because of time other HR activities can be pushed towards the back...things like training and development programs or multiskilling would suffer... there is an attitude of "when we get to it" and a lot of HR work that gets pushed to the bottom.*
>
> *Company # 6, HR Manager*

At Company # 8, the HR manager commented on the impact of production pressures on the area of occupational health and safety:

> *...they are very production oriented and they actually put themselves in danger to get the job finished instead of saying, "Hey there is something wrong "..They* [the line managers] *have responsibility for OH&S but if you put Health and Safety and Production together, they will always put production on top.*
>
> *Company # 8, HR Manager*

The manager then went on to talk in more general terms explaining that:

> *...This is your biggest battle. Management has a lot to do with this because we used to measure production supervisor's performance on how well he managed his budget...so there is a conflict there.*
>
> *Company # 8, HR Manager*

As can be seen from the comments above, the tension between production and budgetary demands and HRM responsibilities is clearly evident and noted by both line managers and HR managers.

The Business acumen of the HR manager

A second variable that seemed to compound the view that HRM could 'get in the way' was a HR manager who did not really understand the pressures of production. In Company #4, for example, there were no longer any HR people on the production site and although the line manager had respect for the present senior HR manager, who worked in the HQ area as a strategist, he was happy to be without a HR person on site. His explanation for this was as follows:

> *I find most Personnel people are pretty busy keeping busy all the time. I believe in the role and I believe in the function but they need to be high powered people who are 'doers' – not someone who keeps to their desk...On this site for example we want to know how they can act on the Business plan to achieve its profit – how can they make it happen?*
>
> *Company # 4, Operations Manager*

The same type of comments were made in Company #1,

> *The person before* [current HR manager] *was very much stopping SBUs from doing their work – he just didn't understand the business.*
>
> *Company # 1, Operations Manager*

In Company #3, the line manager and the finance manager similarly connected a lack of respect for HR with the business orientation of the HR representative. The finance manager commented:

> *Some HR people are not aware of the day to day business issues – they want to live in a perfect HR world.*
>
> *Company # 3, Finance manager*

In recognition of this problem an exchange program had been put in place in order to ameliorate the perceived distance between HR and line management functions. The HR manager explained:

> *.. we now have an interchange between manufacturing and HR staff... the whole focus is to get a much closer integration between manufacturing and HR...*
>
> *Company # 3, HR Manager*

The rationale behind this program was to broaden the experience base of the HR person and break down negative perceptions about HRM.

In companies, on the other hand, where it was considered that the HR manager understood production demands and the pressures of meeting bottom line targets, line managers were more willing to seek out HR's involvement. In Company # 12, for example, the HR manager who had started in finance and had worked in a range of roles within the company over a 25 years was well respected for his business experience:

> *...what I have found, particularly with him* [the current HR manager], *is that we certainly see things from the same place...There has been quite a dramatic transformation and the feeling in the factory now is that "Thank God, we now have somebody who is supporting us rather than hindering us". I am not saying that the previous HR manager didn't but having someone on board who really knows the business is critical.*
>
> *Company # 12, Operations Manager*

A line manager working in Company # 8 was very positive about the HR manager. In that case the HR manager had worked as a line manager. The line manager noted:

> *I am in production but if I have any problems whether it is to do with production or HR I know I can easily talk to* [name of HR Manager]*...we are all working together and he has our respect.*
>
> *Company # 8, Line Manager*

Company # 9 similarly provided a good example of the situation where line managers respected the HR manager who had a very broad career background. The HR manager had started with agricultural college training and had then worked as a site manager before becoming interested in HRM. In this case, as in the others noted above, the HR manager similarly acknowledged that time and production pressures

were a problem for the line managers but he did not see this as a problem that could not be overcome.

> *...Lack of knowledge, time, not organising their day properly, but they simply have to be coached.*
>
> *Company # 9, HR Manager*

Accordingly he was completely committed to re-educating the line managers to see the connection between a strong HRM culture and positive business outcomes. The maintenance manager commented:

> *We meet so often we never have time to get into our job...When he goes on holidays we do more work in a month than what we do in the three months prior because we are always sitting and talking about things!*
>
> *Company # 9, Maintenance Manager*

Having complained about the time commitment involved however, he went on to stress:

> *...a lot of success this company has probably had to do with the training he puts into place...I think we have a lot of good meetings...we get on great and those departments traditionally never communicated with each other.*
>
> *Company # 9, Maintenance Manager*

The HR manager in this company had extensive experience in operations and this gave him considerable credibility. The Cool Room manager emphasised that the HR manager *'...has a lot of experience in this industry and he is well respected'*. Furthermore in the discussions that the interviewer had with the HR manager it became clear that he was very sensitive to the impact that HR made on the bottom line of the company:

> *We are interested in changing the synergy...starting to put good figures on the bottom line.*
>
> *Company # 9, HR Manager*

Other line managers in the organisation were very supportive of the initiatives:

> *Fantastic – it does work – it is simple stuff...if something is wrong we believe in, "Don't let it manifest – deal with it straight away – be reasonable and follow the key principles". Say "Look we are running a business, that is the point of the issue, what would you do in this situation"... We* [referring primarily to the work done by the HR manager] *changed the culture, we reduced the numbers here, and we have had no union problems at all.*
>
> *Company # 9, Cool Room Manager*

It can be concluded from the above analysis that factors that detract from the absorption of HRM priorities at the line level include the priority often given by line managers to production pressures. This can be exasperated by a HR manager who *'lives in a perfect HR world'* and does not understand the business. On the other hand, in situations where the HR manager has business experience, HRM activities have a good chance of effectively being absorbed by line management.

Company support for HRM

A final variable that occurred as important in ensuring line management support for HRM was the perceived level of company support for HRM. The following comments highlight this:

> *... really you have to address the culture to make changes, it really is how it happens. Without company – wide support you're banging your head against a brick wall*
>
> *Company # 12, HR Manager*

> *If the values of the organisation and the HR values don't match – you have a problem...when you say we have to value our people that has to be very clearly agreed to.*
>
> *Company # 2, HR Manager*

In Company # 7, the CEO had head-hunted the HR manager and was very supportive of implementing a completely new approach to HRM:

> *A completely new HR system has been put into place and the line people have responded very well but it wouldn't have worked without his* [the

CEO's] *support. When I first came here the culture was all over the place...we had huge problems with the skill development of our people...so we embarked on an attitude change process. There's been a reduction in turnover from 33% to 13% and the CEO is very happy*

Company # 7, HR Manager

These comments illustrate that company wide support for HRM, through the actions of the CEO or the presence of a supportive corporate culture, may provide a critical backdrop to the success or otherwise of line management appreciation of HRM issues.

Support for Propositions P3(a) and P3(b)

The comments above indicate that HR managers are generally committed to the devolution of HRM activities and the move to devolve HRM activities was confirmed by line managers. Discussions about effective integration of HRM activities at the line level revealed that production and budget pressures detracted from line management attention to HRM matters. Nevertheless a HR manager with business credibility who operates within a supportive corporate culture can positively affect the attention given by line managers to HRM matters. These findings impact on the set of propositions that address the third aspect of strategic HRM goal of integration, integration of HRM at the line level. Levels of support for propositions P3(a) and P3(b) are recorded in Table 7.8.

Specifically, proposition 3(a) considers whether line managers will be less willing to incorporate a HRM perspective into their decision-making when they are operating within strong budgetary and production constraints. The set of comments provided above by HR and line managers largely confirm that this is the case. As the operations manager in Company #3 stated "*...I think there can be difficulties if the*

managers see that the HR stuff takes up too much time...time when that should be use on production". This focus on the bottom line and production output was evident in many of the organisations that were considered[67]. These comments have contributed to the support indicated in Table 7.6 for proposition 3(a)

Table 7.6 Levels of Support for Research Propositions 3(a) and 3(b)

Proposition	
P3(a). Line managers will be less willing to incorporate a HRM perspective into their decision-making when they are operating within strong budgetary and production constraints	✓✓
P3(b). Line managers will be more willing to incorporate a HRM perspective into their decision-making when they are working with a HR manager who has greater business acumen.	✓✓

Key:
✓✓: Support
✓: Limited support

Within the interviews two factors emerged that seemed to moderate the degree of line management frustration with HRM responsibility. One was the business acumen of the HR manager themselves and the other was the company's commitment to an overall HRM stance. The first of these factors, the HR manager's business acumen, is identified in proposition 3(b) where the proposition is that line managers will be more willing to incorporate a HRM perspective into their decision-making when they are working with a HR manager who has greater business acumen. The support indicated in Table 7.6 for this proposition is based on the following. First, several line managers noted frustration with HR people who lacked necessary business experience.[68] Conversely, HR managers who had broad business experience and were able to communicate this to line managers made a very positive

[67] See comments above made by relevant managers in Companies #2, #3, #4, #8, #9, #10 and #13.
[68] See comments above made by relevant managers in Companies #4 and #3 .

impact on the readiness of these line managers to consider HRM initiatives[69]. These comments that note both the negative impact of low HR manager business acumen and the positive impact of high HR manager business acumen have led to the support for proposition 3(b) in Table 7.6.

Finally, a further factor that was not noted in the propositions but did emerge from the interviews as a key determinant in the willingness of line managers to take responsibility for HRM matters was the importance of company-wide support for HRM. This became evident in the interviews in companies # 2, # 7, # 12 and # 9. In these cases interviewees stressed the impact that a supportive HRM company attitude can make on the readiness of line managers to support HR activities and acknowledge the links between HRM and business outcomes.

Overall, the analysis has shown that strong budgetary and production constraints can reduce the willingness of line managers to take responsibility for HRM matters. This resistance can be ameliorated, however, when the HR manager has greater business acumen and the company displays strong levels of support for HRM integration.

Support for Research Question 2

Research Question 2 states:

> *In Australian enterprises what do senior HR, Finance and line managers consider to be the key current and emerging supports and barriers to the success of the HRM goal of integration?*

[69] See comments above made by relevant managers in Companies #8, #9 and #12.

Throughout this chapter, the case data has been analysed for each of the propositions that support this research question. The results of the analysis are summarised below in Table 7.7 and the following discussion analyses the impact of the findings for the research question.

Table 7.7 Summary of the Results for Each of the Propositions for Research Question 2

Proposition	
P1(a). HRM integration into the strategic decision-making process will be greater when there is HR representation at the senior committee level.	✓
P1(b). HRM integration into the strategic decision-making process will be greater when there is a direct reporting relationship between the HR manager and the CEO or GM.	✓
P1(c). HRM integration into the strategic decision-making process will be greater when there is a good informal relationship between the HR manager and the CEO or GM.	✓
P1(d). HRM integration in the strategic decision-making process will be greater when senior HR managers have greater business acumen.	✓✓
P2. Greater integration of HRM policies and practices such that HRM policy areas complement each other and fit with organisational strategy will be evident when there is HR representation at the senior committee level.	✓
P3(a). Line managers will be less willing to incorporate a HRM perspective into their decision-making when they are operating within strong budgetary and production constraints.	✓✓
P3(b). Line managers will be more willing to incorporate a HRM perspective into their decision-making when they are working with senior HR managers who have greater business acumen.	✓✓

Key:
✓: Limited Support
✓✓: Support

The propositions focus on specific factors that may assist or detract from the three components of the HRM goal of integration: acceptance of HR's role in central decision-making processes; the integration of HR policy areas; and devolution of HRM activities to line management.

Propositions 1 (a) through to 1 (d) focus on the factors that impact on the involvement of HR within strategic decision-making processes. The outcome of the analysis revealed that presence on the senior committee level, a direct reporting relationship to the CEO and a good informal relationship with the CEO may be important in giving the HR manager access to the central decision-making system. The analysis suggested however that other factors may be more important in determining whether or not the HR manager is accepted as a central decision-maker. There were several cases where the HR manager was part of the central decision-making group, and had a close formal and informal relationship with the CEO or GM but was still not respected as a strategic partner on all business issues. A key factor in these circumstances may actually be the HR manager's ability to comfortably discuss business matters. Other key factors that were not specified in the propositions but emerged out of this analysis were the commitment of the CEO to HRM values and a supportive corporate culture.

With respect to the area of strategic policy integration, as investigated in proposition 2, representation on the senior committee again did not necessarily ensure effective HRM policy design. The analysis suggested that before an integrated HRM policy system can be put in place the HR managers themselves may need to be committed to the process. In five out of the eleven companies, where HR was represented on

the senior committee, integration HRM policy design was not a high priority. The results indicated that senior level committee representation may provide the potential for HR managers to design HRM policies that fit with strategic needs but it is not sufficient to ensure that HRM policy integration is in place. Alignment of HRM policy design may actually be more dependent on the HR manager's recognition of the strategic need to prioritise the HRM policy integration and their preparedness to champion the necessary links[70].

With respect to propositions 3 (a) and 3 (b) that were concerned with factors that affected the devolution of HRM responsibilities to line management, the analysis supported each of the propositions. First, production priorities and budgetary concerns did indeed detract from the willingness of line managers to take on HRM responsibilities. The analysis suggested however that when the HR manager was able to 'coach' the line managers and show how HRM could actually contribute to the bottom line, the resistance may be ameliorated. This was most successful when the HR manager had a business background that allowed them to demonstrate an understanding of the pressures facing the line manager. A further factor that emerged in this analysis was the importance of the company's cultural commitment and support for HRM concerns.

Collectively, these propositions inform Research Question 2 as follows. The research question asks what senior HR, Finance and line managers consider to be the

[70] This was established in Companies # 2, #4, #9, # 7 and #1.

key current and emerging supports and barriers to the success of the HRM goal of integration. The results of the propositions associated with this research question indicate that factors such as representation of HR on senior level committees and a direct reporting and good informal relationship with the CEO provide appropriate access for the HR manager to strategic decision processes. As such these factors act as a support to the HRM goal of integration when present and a potential barrier when absent. A further barrier that posed a specific problem with respect to the devolution of HRM activities to line managers was budgetary and production pressure. This factor formed a barrier to the willingness of line managers to incorporate a HRM perspective into their decision-making.

The analysis also revealed that although the factors mentioned above act as potentially important supports for the HRM goal of integration there were a further set of factors that may be more instrumental in the establishment of a strategic HRM presence. These factors included the level of business knowledge of the HR manager, the strategic commitment of the HR manager, the attitude of the CEO and a sympathetic HRM corporate culture.

Summary and Conclusions

The primary objectives of this chapter were to report on the interview data from the 13 Australian best practice companies that were chosen for this research and to analyse the data with respect to Research Question 2 and the associated propositions. After describing the characteristics of the field sample, the discussion in the chapter organised the NUD*IST analysis of the interview data around the three major areas

of the HRM goal of integration: HR involvement in strategic decisions; integration of HRM policy; and the devolution of HRM activities to the line. This structure supported the analysis of the propositions and the research question and the results and conclusions were as follows.

First, the results show that with respect to HR involvement in strategic decisions, in the majority of cases both senior HR and finance managers generally recognised the potential for HR to be a key strategic decision-maker. This finding reinforces the results from the previous survey data reported in Chapter 6 that indicates that senior HR managers are supportive of HR's role in strategic planning. The interviews revealed however that there was some variation between cases as to the successful realisation of this role and the degree of involvement of HR in each stage of the decision-making process. HR representation at the senior committee level and a direct reporting and good informal relationship between the HR manager and the CEO or GM acted as important supports when present and barriers when absent. A key support or barrier in the analysis of this part of the goal of integration, however, appeared to be the business acumen of the HR manager. Results showed, for example, that there were cases where the HR manager was present at the senior committee meeting, had a direct relationship or a good informal relationship with the CEO, but their input was restricted because the HR manager was perceived to not have appropriate business acumen.

Second, with respect to HRM policy integration there is little evidence of strong, consistent and strategic HRM policy design. The results indicate that HR presence on the senior committee may facilitate policy integration but there were cases where

HR senior committee representation was not associated with HRM policy integration. A factor that emerged as a key support was the strategic commitment of the HR manager to the process.

Finally, both senior HR and line managers agreed that there had been an increase in the devolution of HRM activities to the line. Interview data revealed however that budgetary and production pressures form a barrier to the willingness of line managers to incorporate a HRM perspective into their decision-making. Factors that emerged that ameliorate this resistance and assist the devolution of HRM activities include the business acumen of the HR manager and a supportive HRM corporate culture.

In summary, with respect to Research Question 2, factors that act as initial supports or barriers to the HRM goal of integration include representation of HR on senior level committees, a direct reporting and good informal relationship with the CEO and budgetary and production pressures. Analysis revealed however that other factors such as the business knowledge and commitment of the HR manager, the support of the CEO for HRM initiatives and a corporate culture that supports the integration of HRM may be more instrumental in the establishment of a strategic HRM presence. In the following chapter these relationships will be discussed at greater length and a model will be framed to direct further research into the proposed relationships described above.

Chapter 8
Discussion and Conclusions

Objectives of this Chapter

This chapter has three main objectives. First, research findings are discussed in relation to the two research questions posed in this thesis. Second, the findings of the research are applied to the theoretical development of a proposed model of the influences on strategic HRM integration. Finally, implications of the analysis are drawn for the members of the HR profession, senior business executives and the future practice of strategic HRM in Australia.

Overview of the Thesis

Chapter 1 provided a rationale for the thesis and an outline of the conduct of the research. In Chapter 2 the historical analysis of the development of HRM in the U.S. and Britain explained the nature of the role shift from Personnel to HR and the extent of the major changes expected from the function. Chapter 3 specifically addressed the historical flow of changes within personnel management and HRM in the Australian context. The discussion revealed that although various trends may have occurred at different times, the set of diverse influences that have characterised personnel management and HRM developments in the U.S. and Britain, are similarly present in the Australian setting. In Chapter 4 the discussion focussed on attempts within HRM to become more strategic and attention was given to the factors that may serve as supports or blocks to the realisation of the HRM goal of strategic integration. The discussion in Chapter 5 provided a rationale for the primarily exploratory approach taken in the thesis to furthering the knowledge base in the area of strategic HRM. The analysis in the chapter also drew from the discussion of the literature in the previous

chapters to construct the two research questions and associated propositions. Chapter 6 and 7 presented the empirical research results of the thesis.

Discussion of the Thesis Results

The two research questions posed in this thesis areas follows.

Research Question 1:

> *What is the extent to which senior HR managers agree with and support strategic HRM initiatives in Australian enterprises?*

Research Question 2:

> *In Australian enterprises, what do senior HR, Finance and line managers consider to be the key current and emerging supports and barriers to the success of the HRM goal of integration?*

The questions were investigated first through a large-scale survey and second through a series of in-depth interviews in 13 selected case organisations. Research Question 2 is accompanied by seven propositions that reviewed specific factors identified in the literature as having an impact on the three levels of the HRM goal of strategic integration. The findings relevant to both research questions are summarised and discussed below.

Discussion of the results in relation to Research Question 1

The first research question was investigated using the insights of senior HR managers who are members of the HR profession in Australia. Budhwar (2000) has argued that the perceptions of these "subject matter experts" provide an accurate information source about current HRM priorities.

With respect to Research Question 1 the analysis of the survey data reported in Chapter 6 revealed strong levels of support among senior HR managers for strategic HRM initiatives in Australian enterprises. Specifically, the results show that in Australian organisations, senior HR managers have been supportive of the HR title name change, regardless of company size or ownership. With respect to levels of support for strategic HRM initiatives, attitudinal responses and open-ended data reveal that senior HR managers acknowledge and support the importance of each of the following features of a strategic HRM approach: HR involvement in strategic decisions; integration of HRM policy areas; the contribution of HR to the bottom line; and attention to communication between employees and employers. Senior HR managers also report relatively high levels of HR involvement at the senior executive committee level and adequate opportunity, through direct reporting relationships with the CEO, to set up good communications with senior decision-makers. Finally, the HRM policy priorities of these senior HR managers in the last five years included performance appraisal, recruitment and selection and training and development. These are all key policy areas, perceived within the literature to be central to strategic HRM (Ashton & Felstead, 1995; Delaney & Huselid, 1996; Guest, 1987; Walker, 1994).

These findings of senior HR management support for strategic HRM initiatives reflect a critical first step in the effective transition for HRM from the old personnel management framework. If the members of this group do not act as 'champions' for the new mindset it will become difficult for others within the organisation to fully support features of the transition (Beer, 1997; Sparrow & Marchington, 1998; Ulrich, 1997).

Despite the apparent acceptance of the HRM change reflected in these results, Losey (1999) has warned that statements of intention are not enough to effect the substantial transition required from personnel management to HRM. He has argued that not only must HR professionals accept the new role, they must also be properly equipped to deal with the challenge:

> The HR job cannot be carried out with a mere interest in people or smoke and mirrors. A transformation is occurring. The transformation is not necessarily more human resource people. It is *more competent* human resource people. There will be no room for the untrained, the unprepared, and the less committed. Those who are not current and qualified are at great risk – and that is the way it should be in any valued profession (Losey, 1999: p. 100).

The role change that faces the HR professional is substantial and demanding. Becoming a credible business partner for HR professionals operating at both the senior management level and for those interacting with line managers, may require more than a change in title, attitude and access. For this reason, the results reported for Research Question 2 probe more fully into the factors that may determine the successful strategic integration of HRM. In order to provide a more comprehensive picture of the status and influences on the role of HR, the views of senior HR managers were considered in conjunction with those of senior finance and line managers.

Discussion of the results in relation to Research Question 2

The second research question extended the investigation to consider the impact of specific possible influences on the successful realisation of the three levels of the strategic HRM goal of integration. The results for the seven propositions that were used to investigate this question are summarised in Table 8.1. The analysis of the

importance of these factors was based on qualitative and quantitative data from in-depth interviews with senior HR, finance and line managers in 13 case-study organisations.

Table 8.1 Summary of the Results for Each of the Research Propositions

Proposition	
P1(a). HRM integration into the strategic decision-making process will be greater when there is HR representation at the senior committee level.	✓
P1(b). HRM integration into the strategic decision-making process will be greater when there is a direct reporting relationship between the HR manager and the CEO or GM.	✓
P1(c). HRM integration into the strategic decision-making process will be greater when there is a good informal relationship between the HR manager and the CEO or GM.	✓
P1(d). HRM integration in the strategic decision-making process will be greater when senior HR managers have greater business acumen.	✓✓
P2. Greater integration of HRM policies and practices such that HRM policy areas complement each other and fit with organisational strategy will be evident when there is HR representation at the senior committee level.	✓
P3(a). Line managers will be less willing to incorporate a HRM perspective into their decision-making when they are operating within strong budgetary and production constraints.	✓✓
P3(b). Line managers will be more willing to incorporate a HRM perspective into their decision-making when they are working with senior HR managers who have greater business acumen.	✓✓

Key:
✓ : Limited Support
✓✓: Support

The first set of propositions considered the impact of senior committee level representation, formal and informal contact with the CEO, and the business acumen of the HR manager on the first feature of the HRM goal of integration, HRM integration into the strategic decision-making process.

As can be seen in Table 8.1, interview data suggested that there was limited support for the first three of these factors. Specifically it was found that although HR had involvement in senior decision-making processes when there was HR representation at the senior committee level, or there was a direct reporting or an informal relationship between the HR manager and the CEO, it did not necessarily follow that these factors increased HRM integration in the strategic decision-making process. There were cases, for example, where senior committee level representation, the direct reporting relationship with the CEO or the informal relationship with the CEO were in place but either the finance or HR manager (or both) indicated that HR was not fully involved in central decision-making processes[69]. The interviews suggested that the following factors might have contributed to this.

First, it was found in one company[70] that a lack of strategic involvement was attributed to the poor business acumen of the HR manager. Consistent with this, strong HR involvement in strategic decision-making processes in several other companies[71] was attributed either by the HR manager or by finance managers to the business acumen of the HR manager. Either the HR manager or the finance manager considered, for example, that broader business experience allowed the HR manager to enter more fully into all stages of the strategic decision-making process. Several HR managers[72] who had significant financial experience felt more comfortable with, and as a result were more involved in, discussions around the financial implications of business decisions. Overall, the results suggest that although factors such as HR

[69] This was noted in companies #3, #5 and #10.
[70] This was noted in company #5.
[71] This was specifically noted in comments from companies # 4, # 6, # 7, # 8, and # 9.
[72] This was noted in companies #4 and #6.

senior committee representation, a direct reporting relationship with the CEO and a good informal relationship with the CEO provide an opportunity for HR to be strategically active, if the HR manager does not have a good grasp on broad business matters, their strategic involvement is reduced.

Second, HRM integration in the strategic decision-making process was moderated by the commitment of the CEO to HR involvement. In several companies[73] the CEO had specifically employed HR managers as change agents and as a result the HR managers felt that they had considerable authority and involvement in business decisions that were made.

Finally, the corporate culture of a company emerged as another important factor in the integration of HRM into strategic decisions-making processes. Two large foreign-owned MNEs[74], for example, had quite different approaches to the involvement of HR managers in the Australian operations. In a Japanese MNE, the HR function was seen to be in a reactive supportive role to strategic directives from Japan while in a U.S. MNE, the HR function was represented in all major regional and subsidiary level decisions and the three senior managers who were interviewed stressed that HRM was a core value in the organisation and was integrated at all levels.

In summary, with respect to the first feature of the HRM goal of integration, the interview data suggests that although senior committee level representation and formal and informal contact with the CEO may provide the opportunity for the HR manager to be a key strategic decision-maker, other factors such as the business background of the HR manager, the support of the CEO and the corporate culture of the organisation may have a greater impact on levels of involvement of HR within strategic decision-making processes.

[73] These companies were #2 and #7.
[74] These were companies #3, a Japanese MNE, and company # 1, a U.S. MNE.

Within the analysis of factors that affect the second aspect of the HRM goal of integration, cohesive HRM policy design, interview data again suggested that HR involvement at the senior committee level may provide an opportunity for HRM policy integration but a more important factor may be the strategic mindset of the HR manager. In only 5 of the 11 companies that reported HR representation at the senior committee level, did HR managers review their attempts to link HR policy areas[75]. HR managers in two companies[76] had specifically set out to tailor a HR strategy document and managers in another three companies[77] explicitly described their attempts to link HR policy initiatives with the company's bottom line focus. In short, it was the strategic commitment of the HR managers and their willingness to 'champion' a fit between HR policy areas and the alignment of HRM with business needs that determined whether HR policy integration occurred, rather than their representation at the senior committee level.

Finally, with respect to the devolution of HRM responsibilities to the line, production pressures emerged as a factor that detracted from the willingness of line managers to fully accept responsibility for HRM matters in seven of the companies[78]. Factors that increased the willingness of the line manager to incorporate a HRM perspective included the business credibility of the HR manager and CEO support for HRM initiatives. In the cases where the business credibility of the HR manager was identified as a key variable, line managers reported that the HR manager was able to speak the financial language of business and as such contributed to production efficiency[79]. CEO support for HRM emerged as another important determinant in the acceptance of HRM by line managers[80]. In one company[81] the CEO had specifically

[75] Attempts were made in companies # 2, # 4, # 7, # 9 and # 12.
[76] These were companies # 2 and # 4.
[77] These were companies # 9, # 7 and # 12.
[78] This occurred in companies # 2, # 3, # 4, # 8, # 9, # 10 and # 13.
[79] This was noted in companies # 8, # 9, and # 12.
[80] This was specifically noted in companies # 7 and # 9.
[81] This was company #7.

hired the HR manager to align HR systems with business needs and in another case[82], the HR manager was considered to be the CEO's 'right-hand man'. Furthermore in this latter case, where the HR manager was respected for his business acumen and operated in a HRM environment strongly supported by the CEO, it was clear that these factors reduced line management resistance.

The conclusion that can be drawn from this review of influences on the acceptance of HRM initiatives by line managers is that budgetary and production pressures do indeed reduce the willingness of line managers to fully accept HRM responsibilities. This resistance can be managed, however, when the line manager is working with a HR professional who genuinely understands business pressures and tailors HRM initiatives to further business priorities rather than stifle them. Furthermore, when the CEO clearly supports the HR professional and HRM initiatives this reduces overall line management resistance to HRM developments.

Before leaving this discussion of the devolution of HR responsibilities to line managers it may be worth making a brief comment about what is an appropriate expectation for line managers' involvement in HR activities. The research at hand has demonstrated that there are several factors that impact on the willingness of line managers to assume HR responsibility but the findings also show that line managers experience considerable role conflict in their attempts to balance production and HR responsibilities. This raises the question of what is a reasonable level line management HR responsibility. Within the literature, for example, there is discussion, as there has been in the current research, about actual levels of HR devolution and whether devolution is occurring (see Poole & Jenkins, 1997; Cunningham & Hyman, 1999). What is less present in the literature however, and would be useful, is an examination of the management that devolution process now

[82] This was company # 9.

that it has been initiated and clearer guidelines about expected priorities for line managers.

Overall, with respect to Research Question 2 the analysis of the seven propositions shows that there are a number of factors that facilitate the strategic goal of HRM. These factors include HR representation at the senior committee level, a direct HR reporting relationship to the CEO and a good informal working relationship with the CEO. A number of factors, as noted above, have emerged from the analysis, however, as more critical determinants in the success or otherwise of the strategic HRM goal of integration.

First, this research indicates that the strategic commitment and business acumen of the HR professional are key factors in successful strategic HRM integration. These findings confirm the suggestions of researchers such as Langbert (2000), Dyer (1999), Rubino (1994), Ashton (1996), Weiss (1999) and Ulrich (1997) that HR credibility and involvement is enhanced when the HR professional acts as a HR champion and demonstrates broad business acumen. The research also indicates, in line with Losey (1999), Alvares (1997) and Gibb (2000), that there is an emerging class of HR professionals who are willing and capable of adding value and who are acquiring direct operational experience in functional areas such as finance and production.

Second, organisational support emerged as a critical underlying factor in the research and this was apparent in organisations where either the CEO was committed to HRM initiatives or where a supportive HRM culture was in place. The importance of the support of the CEO has been noted elsewhere in the literature. Beer and Spector (1985) and Dyer and Holder (1988) made the early prediction that the "...most powerful of the countervailing forces probably is top management" (Dyer & Holder,

1988: p. 37). Other commentators have cited the importance of direct access to the CEO through a formal reporting relationship (Golden & Ramanajan, 1985; Lawler, 1995; Nininger, 1980). More recent writers, such as Othman and Poon (2000), Budhwar (2000), Sheppeck and Militello (2000) and Kane et al. (1999) continue to cite top management orientation as an important determinant of HRM success. Budhwar (2000) specifies that without CEO support, HRM will fail to be part of the early stages in the strategic decision-making process. The current research has confirmed the importance of the role played by the CEO but suggests that a direct HR reporting relationship and even a good informal working relationship between the HR manager and the CEO may not be enough to elicit the desired CEO support for HRM initiatives. Without a commitment on the part of the CEO to the value of HRM, organisational structures that place the HR manager in the inner circle may represent a symbolic commitment to HRM, but not result in tangible support for HRM initiatives.

The same argument can be made with respect to the impact of a corporate cultural commitment to HRM. Symbols of a commitment to HRM may exist in response to institutional pressures to recognise a current HRM trend but unless a genuine change in underlying values occurs, the transition may be superficial rather than real. The literature in the HRM area has given considerable thought to the link between HRM and organisational culture and considers the management of organisational culture to be a central element of HRM activity (Armstrong, 1987; Fombrun, 1983; Ogbanna, 1992). The findings of the current research have reinforced the importance of the connection between HRM and corporate culture. The emphasis in the current research, however, has been the impact of corporate culture on the acceptance of HRM initiatives rather than on the use of HRM to facilitate corporate change. Embedded organisational values that do not respect and align with HRM priorities may act as powerful detractors from the success of HRM initiatives: specifically, the values of the senior management group may set an important example for others in the organisation about whether or not to accept HRM.

To summarise the major findings of the thesis with respect to Research Question 2, the analysis reveals that certain structural organisational changes such as HR representation at the senior committee level, a direct reporting relationship with the CEO and attempts to devolve HRM responsibilities to line managers, provide important mechanisms for the strategic integration of HRM. The discussion above indicates, however, that other factors such as the strategic commitment and business acumen of the HR manager, CEO support and a corporate cultural commitment to HRM may prove to be critical moderating factors in successful strategic HRM integration.

A Proposed Model of HRM Strategic Integration

The relationships that have emerged from the findings of the thesis, as explained above, are depicted in Figure 8.1. As can be seen from the model, the expectation that an institutional push to implement HRM principles will result in the successful realisation of the HRM goal of integration is represented by the horizontal arrow flow. Organisations may recognise the importance of strategic HRM and respond by making appropriate structural changes in the expectation that strategic HRM integration will occur. As can be seen from the proposed model based on the thesis findings, moderating influences intersect the flow and act as forces that may increase or reduce the impact of the structural changes.

In effect the set of proposed relationships outlined in Figure 8.1, attempts to capture the change process necessary for the realisation of the HRM goal of strategic integration and models the forces at work within an organisation that may be necessary to activate and sustain the transition from an old personnel management perspective towards a HRM perspective.

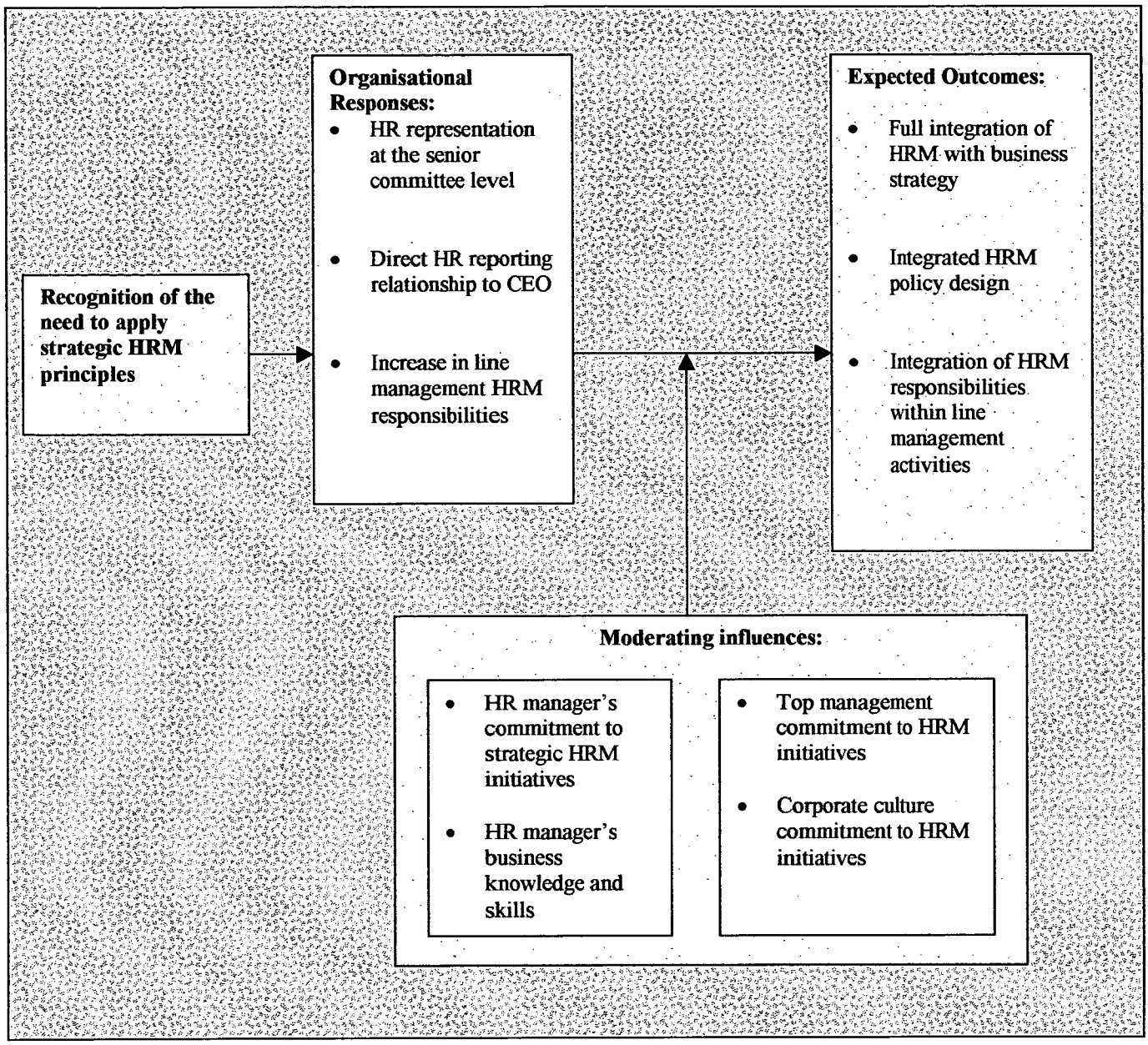


Figure 8.1 Proposed Influences on Strategic HRM Integration

This modelling of underlying change processes within HRM requires further discussion and theory development. There has been a great deal of attention given in the literature to the facilitative role that HRM can take in organisational change but as yet there has been little attention given to modelling the change processes within HRM (Kochan & Dyer, 2001). Key commentators such as Beer et al. (1984), Tichy et al. (1982) and Dyer and Holder (1988) have clearly defined the role of HRM and other writers such as Schuler (1992) and Guest (1987; 1989) have explained and

provided normative models of strategic HRM. The literature has also addressed the factors that assist or detract from the success of the transition from personnel management to strategic HRM (Beer, 1997; Hope-Hailey et al., 1997; Poole & Jenkins, 1997). As yet, however, there has been little attempt to model the transition to strategic HRM and identify the relationships between the factors that impact on the transition. The aim of the following section is to explore this process further and as the transition is a change process the discussion will draw from the change literature to explain the proposed relationships depicted in Figure 8.1 above.

Traditionally, a planned model of change is described by Lewin (1951) as a three-stage model that involves unfreezing, moving and refreezing. Unfreezing is triggered when it is accepted that a problem is present and needs to be addressed. The second stage, moving or changing, involves the implementation of a new plan or system and finally refreezing occurs when the new system has become embedded in ongoing organisational processes. Although this model is often used as a starting point, the change literature has evolved to consider environmental conditions that may affect the specific nature of the change. Using a contingency framework, to select an appropriate change strategy, Woodward (1965) has considered the relationship between technology and structure, and Burns and Stalker (1961) have matched management style with levels of environmental uncertainty. More recently Dunphy and Stace (1990) and Stace and Dunphy (1994) have identified four levels of change and matched each level with an appropriate style of change management. The first type of change approach, participative evolution, for example, is appropriate in situations that require fine tuning or incremental adjustment and therefore call for a collaborative or consultative style of management. Dictatorial transformation, on the

other hand, is a change strategy that is suitable when the scale of change is transformational and requires a directive or coercive approach to change management. Overall, these commentators focussed on appropriate fit between environmental variables and the change approach that best suits the situation.

Within the change literature, however, it is clear that the process of actually managing change is likely to be more problematic than more traditional static models may suggest (Collins, 1998; Thornhill, Lewis, Millmore & Saunders, 2000). Writers such as Dawson (1994) and Pettigrew (1985) attempt to capture the more complex, dynamic nature of change. Sometimes referred to as a contextualist approach, these writers broaden change frameworks to consider the relationship between the content of a specific change strategy, the context in which the change takes place and the process by which it occurs (Dawson, 1994; Gutierrez, 1995; Nelson & Dowling, 1999).

Coupled with these attempts to model the complexity of the change process is discussion around the implementation of change. Nicholson (1993) has stressed the important role played by top-down change in the design of radical change. As well as carrying the authority of senior management it is usually characterised by good co-ordination and appropriate levels of resourcing. Other commentators, however, suggest that this approach ignores the effect that this top-down approach has on other levels within the organisation. If such change is seen to merely be imposed from above, the individuals and groups that are affected may act to work against the proposed changes and resistance may result (Mabey & Salaman, 1995; Pettigrew & Whipp, 1991). In contrast, a bottom-up approach acknowledges the importance of the

experiences of those working at the operational level and avoids the resistance associated with the top-down approach.

In reality, however, it may not be a clear choice between top-down or bottom-up implementation. The previous review of the strategic change literature covered in Chapter 4 revealed that Mintzberg (1987; 1994a) and Quinn (1989) consider strategic change to be an incremental process and as such it is likely that both top-down and bottom-up change will work together in a continuous 'dance'. Quinn (1989), for example, has suggested that there is likely to be influence from the top in what is apparently a bottom-up approach.

In summary, key theorists within the change literature provide a persuasive case for the processual and incremental nature of change. If this rationale is applied to the proposed transition from personnel management to HRM in organisations, reports of resistance to the transition are not surprising. It is to be expected that those involved, both from within the HR function and external stakeholders such as other senior managers and line managers, will have difficulty adopting the new mindset. More importantly, reports of initial resistance to HRM initiatives should be seen as a normal and unavoidable part of the change process.

Having identified that the reported initial resistance to strategic HRM integration is part of the 'messy' nature of change, how can the integration be managed such that it is eventually realised? Essentially, the question becomes how can an organisation achieve the desired outcomes of full HR involvement in strategic business planning, integrated HRM policy design and successful devolution of HR to the line? At first

glance, this change may seem a relatively straightforward matter involving mainly structural alterations such as increasing HR representation in certain areas and changing expectations and responsibilities within the organisation. In truth, however, the change may involve more substantial adjustments to underlying, complex sets of beliefs, values and learned ways of coping.

This is a concept that is detailed within the cultural change literature (Collins, 1998). Key commentators in the area such as Schein (1985; 1992) and Hofstede (1994) have differentiated between visible and invisible levels of culture and explain that changes to visible signs of culture are not sufficient to facilitate underlying change. Within the visible or superficial level of culture Hofstede includes symbols, heroes and rituals and Schein uses the term 'artefacts' to describe overt behaviours and physical manifestations. Both writers warn however that these physical representations of culture may or may not represent what is actually occurring at deeper levels. Changing physical cues, putting into place new rituals and even demanding new outward behaviours creates the impression of change but may not actually reflect a permanent and deep commitment to new processes (Sathe, 1985). Specifically, Schein (1985) has claimed that culture:

> should be reserved for the deeper level of *basic assumptions* and *beliefs* that are shared by members of an organization, that operate unconsciously, and that define in a basic 'taken-for-granted' fashion an organization's view of itself and its environment. (Schein, 1985: p. 6, original emphasis)

This description of attempts to create new symbols that may not be reflective of deeper levels of change may be applied to the set of relationships described in Figure 8.1. In most of the organisations that were reviewed within the work of this thesis, it was clear that the decision to implement a HRM approach required a certain set of

symbolic gestures and ritualistic changes. Examples of these would include the decision to make the HR manager a part of the senior committee, setting up a direct HR reporting relationship to the CEO and increasing HRM responsibilities of line managers. These are all activities that can be relatively easily implemented and symbolise an integrative approach to HRM. The expected outcome of these changes may be the full integration of HR into strategic decisions, strategic integration of HRM policy design and a willingness of line managers to incorporate HRM into their decision-making.

The findings of this thesis show, however, that these symbolic changes do not always necessarily result in these desired outcomes and this suggests that symbolic adjustments that reflect a commitment to HRM must be accompanied by the deeper levels of change that Schein (1985; 1992) refers to. Schein (1992: p. 16) distinguishes between three levels of culture: artifacts or the visible organisational structures and processes that have been referred above; espoused values which are strategies, goals and philosophies; and finally underlying assumptions that are unconscious, taken-for-granted beliefs, perceptions, thoughts, and feelings. Schein (1992) specifies that it is the group of underlying assumptions that become the ultimate sources of values and action. These assumptions actually guide behaviour and tell group members how to perceive, think about and react to situations.

Within the current research espoused values and basic assumptions were not specifically distinguished within the interview process so it is difficult to identify the depth of the commitment that is referred to in Figure 8.1. What is clear from the research however is that the underlying commitment of HR managers and other senior

executives to strategic HRM integration, had a greater impact than superficial changes to committee membership, reporting relationships and line management responsibilities. The HR manager may be positioned at the senior committee level but if he/she is not committed to the strategic HRM process or does not display appropriate business knowledge and skills their contribution would be devalued accordingly. Similarly the commitment of the CEO and corporate support for HRM were a critical driver in the realisation of expected HRM outcomes. The research of the thesis suggests then that only when key stakeholders, such as the HR manager and the CEO, make a genuine shift in values or basic assumptions as described by Schein (1992) can the change involved in strategic HRM integration be realised.

In the HRM literature Beer and Spector (1985: p. 238) have previously commented on features of HRM implementation that were consistent with the above description. They distinguished between HRM transformations that would be driven by pragmatism and others that would be put into place because change leaders felt idealistically committed to the process. They raised questions about the different organisational outcomes that may occur when a HRM transformation is propelled by pragmatism as opposed to idealism. Within their analysis they discussed pragmatic responses as being those that are seen to be appropriate and to have worked elsewhere but are not guided by an underlying consistent set of assumptions. The similarity between this observation and the relationships outlined in Figure 8.1 rests with the speculation that HRM outcomes are determined by an underlying set of values and commitments rather than superficial changes. The difference is that the model outlined within the current thesis identifies specific responses and outcomes and

requires an ideological shift from within the HR profession as well as from the organisation.

Implications of the Findings of the Thesis

The thesis results with respect to Research Question 1 indicated that senior HR managers are supportive of strategic HRM initiatives. Research Question 2 then explored more fully the range of factors that impact on successful strategic HRM integration. The analysis revealed that although it may be important that HR managers agree with HRM initiatives and that organisational structures are put in place to facilitate strategic HRM integration, unless there are deeper shifts in values and assumptions connected with HRM, the transition to strategic HRM integration may not be successful. These findings have ramifications for members of the HR profession as well as other senior business executives. The following discussion deals with the implications of the current research for both these groups.

As well as attempting to unravel some of the features that have contributed to the success of HRM in Australian organisations, the current study provided a profile of the Australian HR professional. As pointed out in the discussion around Research Question 1, it appears that senior HR managers are embracing the HRM rhetoric and are adopting a more strategic mindset. As well as reporting on their willingness to voice support for HRM initiatives, however, as noted in the results associated with Research Question 2 in this thesis it is critical that those within HRM develop a stronger understanding of business. Key commentators have suggested that there are two ways in which this may be achieved: through education and career flexibility. With respect to education, commentators such as Dowling and Boxall (1994) and

Watson (1993) have stressed the impact of formal education in the development of a broad range of skills that allow individuals to see the whole rather than the parts and move freely between short and long-term time horizons. These are skills that are necessary in the development of a more strategic HRM perspective (Collins, 1987). With respect to career flexibility, Lawler (1995), Rubino (1994), Ashton (1996) and Ulrich (1997) have suggested that in order to acquire broad business knowledge, those involved in HR need to be exposed to a diverse range of activities and responsibilities. Ulrich (1997), for example, has described such a career to be a mosaic rather than linear in structure, incorporating greater line management experience and exposure to areas such as marketing, finance, strategy, technology and sales.

The results reported in Chapter 6 provide some insights into the education and career choices made by HR professionals in Australia. First, the results show that in terms of education levels the area of human resources is continuing to attract well-qualified people. In the Dowling and Deery (1985) study, younger members of the profession (those under 40) held higher qualifications than members who were over 40. Within the current study, however, this imbalance has been rectified such that it is not only the younger people who are well qualified but older members as well. Furthermore, there has been an increase in the number of HR professionals with graduate degrees with 23% of respondents reporting graduate degree completion (Masters, MBA & PhD) in 1995 compared to 9% in 1984.

Second, with respect to career development, the study showed that younger HR professionals are more likely than older members to have started their career in the HR area. This reflects a growing recognition of human resources as a definite,

promising career choice. However, this tendency to specialise early on in a career may not necessarily be helpful in developing the set of business skills stressed by writers such as Lawler (1995), Ulrich, Brockbank and Yeung (1989) and Walker (1994). HR professionals need to be familiar with as many functional areas in the organisation as possible so that they can make fully informed, considered contributions to any strategic discussion. Accordingly, the results of the thesis work suggest that HR incumbents who choose to move straight into the HR function could benefit from temporary placement in other areas such as finance or production.

Overall, it seems that the development within the HR community of a commitment to the development of business skills and knowledge is a key determinant in the eventual acceptance of strategic HRM integration. In Australia, the results of the current research reveal that within the HR profession there are promising improvements in the levels of undergraduate and postgraduate education. In order to develop specific business skills however it may also be important for HR professionals to incorporate accounting, finance, marketing or economics majors into their undergraduate degrees and actively seek out industry placements that provide exposure to functional areas of business other than HR. Enrolment in MBA programs could be a source of broad business knowledge for post-graduate students. Another approach may be to encourage professionals from other functional areas to enrol in post-graduate HR diplomas and consider a career change to HR.

With respect to HR career paths the evidence reported in this thesis suggests a narrowing of the HR career entry base and this may also warrant deliberate attempts to expose HR professionals to broader business experiences. This could include a

HR graduate program that requires the graduate to work in functional areas such as accounting and finance or marketing. If this is preceded by combined majors in undergraduate degrees, as suggested above, the HR professional should be better equipped to understand the language and dynamics of business.

As well as having implications for the education and career paths of HR professionals, the findings of this thesis also emphasise the development of a commitment to underlying HRM values amongst other senior managers. This finding implies several necessary developments. First, it is clear that the academic literature base must continue to debate and highlight the critical role played by HR in competitive business success. MBA programs may then provide a vehicle for the transfer of these academic ideas into the business community. Currently, there is evidence of some success in this area with increasing recognition in the academic resource-based theory literature of the important role played by HR in the development of core competencies and a competitive edge (Boxall & Purcell, 2000). A second important factor in the eventual acceptance of HRM by other key stakeholders is the convincing measurement of the impact of HR performance on business outcomes. Currently, the invisibility of HR's competitive contribution could certainly account for hesitancy on the part of many senior executives to make the value shift necessary to fully support a HRM approach (Becker et al., 2001). This is an area that is being addressed within the academic literature but the notion requires further refinement and practical innovative assessment systems are yet to be developed (Arthur, 1994; Becker & Gerhart, 1996; Delaney & Huselid, 1996; Guest, 1997; McDuffie, 1995). It is clear, however, that HR professionals need to be able to measure their influence on firm profitability and shareholder value if organisations are to appreciate and support HRM integration.

Limitations of the Research

The findings of this inquiry need to be assessed in relation to the limitations of the chosen methodology. The research was conducted in two parts, a large-scale survey followed up with in-depth interviews in selected case organisations. There are problems and limitations with both of these approaches. Survey work, for example, is characterised by the inability of the researcher to control the conditions under which the survey is completed. Respondents and the researcher cannot seek clarification and the researcher cannot be sure that the person filling out the survey is the most suitable respondent (Neuman, 2000; Robson, 1993). This part of the research was also quantitative and as such was characterised by the limitations of that approach. Van Maanen (1983) has indicated for example, that quantitative procedures can become so 'ritualised' that a gap may occur between the numbers and the context within which the numbers occur. The second part of the research, the in-depth interviews also pose methodological difficulties. Interviews are time-consuming and as such can reduce the willingness of respondents to participate in the study (Swanson, Watkins & Marsick, 1997). Furthermore, the validity of the interview process may be affected by poor interviewer recall and interviewer bias.

These methodological limitations have been acknowledged in Chapter 5 and were dealt with in the research as follows. First, the lack of contact between the researcher and the respondent in the large-scale survey and the possible resultant loss of important contextual information was addressed in the follow-up qualitative in-depth interviews with senior HR managers in the selected case organisations. This data provided some of the contextual information that was lacking in the survey work. For

example, senior HR managers were encouraged to discuss more fully their perceptions of the role of HR and the factors that had an impact on the success or otherwise of strategic HRM integration.

Second, with respect to the limitations inherent in the use of in-depth interviews the following steps were taken. Access to interviewees was organised through the senior HR manager in each company. In general, the senior HR manager was supportive of the research and considered their involvement to be a way of contributing to their profession. Senior finance and line managers were more difficult to access and in line with the advice of May (1997) and Davis's (2000), three cases telephone interviews replaced face-to-face contact. Overall, however, the 29 in-depth interviews that were completed across 13 companies provided sufficient interview data for the purposes of the study. With respect to the problem of poor interviewer recall, the use of a tape recorder and subsequent typed scripts provided an accurate record for later analysis. Interviewer bias was also reduced with the use of a semi-structured schedule.

With regard to the external validity of the research, the large-scale survey of the AHRI membership provided an appropriate cross-section of respondents. Both the full sample of HR professionals and the sub-sample of senior HR managers, for example, came from a representative cross-section of industries and sectors when compared to the Australian Bureau of Statistics labour force statistics (see Tables 6.3 and 6.12). This lends considerable credibility to the overall external validity of the data set.

The cases chosen for the second part of the research did not, however, try to re-create a cross-section of industry groups. Eisenhardt (1987) has argued that given the limitations of the case study approach it is rarely feasible, nor necessary, to select a random group of cases. A more sensible approach is to choose cases that have some 'extreme' feature. Accordingly the group of companies that were chosen for the study were characterised by a common feature; their involvement in the Australian Best Practice program that was initiated in 1991. Although the 13 companies differed in size and industry, their involvement in the Best Practice Program and its commitment to the importance of 'human intangibles', ensured that each of the companies had at some time had a focus on human resource issues. This commonality across the chosen case organisations reduces the generalisability of the outcomes of the research. Nevertheless, the purpose of case study research is to generalise findings to theory rather than to generalise findings to populations (Yin, 1994). Accordingly, this study has used outcomes to generate theory and encourage further research about the change processes underlying the transition to strategic HRM.

Finally, there could be some concern that the survey data was collected 6 years ago in 1995 and reflects the opinions of HR managers at that time. The interviews with HR managers however, that were conducted between June and December 1998, re - visit HR managers' perceptions of their commitment to strategic HRM. Although this data was clearly connected with Research Question 2 and went beyond the focus of Research Question 1 which was to review whether HR managers agree with and support HR initiatives, the analysis of the data did provide the opinions of HR managers and other senior managers on HR's actual role in strategic decision-

making[83] their attempts to re-design HR policy[84] and their acceptance of HR devolution[85]. This review of the level of HRM integration had to be included before the discussion and analysis could progress to consider the factors that supported or detracted from HRM integration and as such reinforces the results reported in Research Question 1.

Summary and Conclusions

The broad aims of this thesis have been to analyse the status, and processes underlying, strategic HRM integration in Australian organisations and to contribute to theory development in strategic human resource management. The results and insights provided by the research are of value for two main reasons. First, historically, there have been several studies conducted within the Australian setting that have tried to capture the role and focus of the HR function at a point in time. Among these studies has been the work of Kangan and Cook (1949), Cameron (1967), Draper (1977), Dredge and Smith (1981) and Dowling and Deery (1985). The style and structure of these studies has varied but each has been invaluable in providing information about the changing nature of the personnel management and HR role. More recently, however, there has been little research that has investigated the role of HR and this research provides a current 'snapshot' of HRM in Australia.

Second, this review of HRM comes at a time of major transition and change. Storey (2001) has suggested that when HRM emerged on the scene in the late 1980s it was 'a fragile plant'. At that time there was much conjecture and debate about the success of

[83] See the discussion on pp. 212 – 220.
[84] See the discussion on pp. 234 – 241.
[85] See the discussion on pp. 247 – 254.

the changes that were being imposed in the transition from personnel management to HRM (Collins 1987; Kochan & Dyer, 1995; Kramar, 1992; Sisson, 1995). Nevertheless, Storey (2001) has argued that in a relatively short period of time there are many signs that HRM has firmly taken hold. The concept has certainly been embraced within the management literature with developments such as the resource-based theory of the firm, and the work around learning organisations and knowledge management, lending considerable weight to the idea of HRM (Storey, 2001). In short, this is a turning point in the history of HRM and as such the transition should be monitored and studied closely.

Specifically, within the thesis there have been two key research questions: Research Question 1 has reviewed the extent of support for strategic HRM initiatives among senior HR managers and Research Question 2 has explored the factors that act as supports or barriers to the success of the HRM goal of strategic integration. Results for Research Question 1 were based on a large-scale survey of the professional HR body in Australia which revealed strong levels of support within the senior HR management group for strategic initiatives. As well as adopting superficial nomenclature changes, senior HR managers strongly support the idea of HR involvement in strategic decision making processes, the integration of HRM policy areas, the importance of HR's contribution to bottom line outcomes and stronger communication between employees and employers. These HR managers also reported evidence of opportunities to communicate with senior decision-makers through appropriate levels of involvement at the senior committee level and direct reporting relationships with the CEO. Finally, these managers had given priority to key areas of HR policy in the five-year period prior to the research. In summary, the

outcomes of the large-scale survey of the HR professional body revealed that senior HR managers in Australia had largely accepted their new role and were supportive of the challenges that were involved.

Research Question 2 set out to explore more fully the factors that were acting as supports or barriers to the HRM goal of strategic integration. While members of the professional body may agree with the rhetoric of strategic HRM initiatives, it may not be enough to ensure a successful transition in the workplace (Losey, 1999). Accordingly, in the 13 companies that were chosen for study, the researcher interviewed not only senior HR managers but also senior finance and line managers as well. Furthermore, this part of the research adopted a more qualitative approach in order to support the exploratory nature of Research Question 2.

The analysis of the data led to some interesting conclusions and speculation about factors that seemingly impact on the successful integration of strategic initiatives. Proposed relationships are summarised in Figure 8.1 and explained using the corporate change literature. Specifically using the ideas of Mintzberg (1987; 1994) and Quinn (1989) and the cultural change models put forward by Hofstede (1994) and Schein (1985; 1992), the following arguments were made. First, the resistance to strategic HRM integration that has been reported at times during the transition period is to be expected as a normal part of the somewhat chaotic nature of major strategic shifts. Second, the success of the changes made with respect to the HRM goal of strategic integration will largely be dependent on the depth of the underlying values assumptions that drive the change. These deeper adjustments need to occur first within the HR profession, so that HR representatives can champion the HRM mindset,

and second within the broader organisation as revealed by top management support and a corporate culture that recognises the impact of HRM. In summary, the analysis concluded that while an organisation may choose to adopt a range of structural changes that deal with representation on senior committees, reporting relationships and HRM responsibility, unless there has been a deeper shift in HRM values the structural change may lose power and fail to result in desired HRM outcomes.

These proposed necessary deeper value and assumption changes have implications for future education and career development of HR professionals. The tendency to move straight into a HR career and remain within that functional area has to be challenged if HR managers are to make an impact on broad strategic decision-making processes. The findings of this thesis also have implications for future necessary levels of top management and corporate support for HRM. This support is considered to be a significant moderating influence on HRM integration, yet it is not a change that can be expected or demanded. It is a gradual process that may be affected by the involvement of key senior managers in MBA programs that recognise the strategic value of HRM, or performance measurement systems that provide positive evidence of the impact of HR's competitive contribution on profitability and shareholder value.

Overall, this research has shown that Australian senior HR managers are aware of the challenges that HRM present and the analysis has provided evidence of the recognition of the value of HRM integration in a number of companies. The challenge of full HRM integration is still to be realised, however, and requires the ongoing strong recognition and commitment of both the HR profession and senior company executives.

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Appendix 1

Correspondence that accompanied the questionnaire sent to the members of AHRI

UNIVERSITY OF TASMANIA

June, 1995

Department of Management
P.O. Box 1214
Launceston
Tasmania 7250
Australia

Re: Australian Human Resources Questionnaire

Dear Colleague,

Enclosed you will find a questionnaire which is being mailed to every member of the Australian Human Resources Institute. This questionnaire has been developed in consultation with members of the AHRI Board over several years and represents the first comprehensive survey of the AHRI membership since 1984. This survey aims to achieve two broad objectives. First, to develop a detailed national profile of the AHRI membership to enable the Board to respond to member needs in an informed manner. Second, to develop a better understanding of trends and developments in the Human Resources function across a wide range of enterprises in Australia.

Your completed questionnaire will be coded and computer processed at the University of Tasmania. There is no way of distinguishing your response from others and only cumulative data will be published. The direct costs of this initial mailing and subsequent data processing are being funded by AHRI. The UTas Department of Management is managing the survey and analysing the data at no cost to the Institute. To minimise the cost of this survey we are not providing reply-paid envelopes. We ask you to consider the cost of returning this questionnaire (to the address on the front page) as your contribution to raising the profile of the Human Resources profession in Australia.

I would like to take this opportunity to thank you for your time in completing this survey. It is expected that an overview of the results of this survey will be published in Asia Pacific Journal of Human Resources and more focused results will appear in HR Monthly and Inside AHRI. If you have questions about this survey, please feel free to contact me.

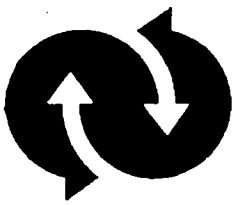
Yours sincerely,

Peter J. Dowling, FAHRI
Head, Dept. of Management

Fax: (003) 264.993 International Fax: 61-03-264.993
Email: Peter.Dowling@mgmt.utas.edu.au

Appendix 2

Questionnaire sent to the membership of AHRI



Australian
Human Resources
Institute

AUSTRALIAN HUMAN RESOURCES QUESTIONNAIRE

This questionnaire is designed to provide an up-to-date database on the characteristics, roles and attitudes of human resource specialists and the changes occurring in the structure and functions of human resource departments.

ALL INFORMATION WILL BE TREATED AS STRICTLY CONFIDENTIAL

Once completed, please return this questionnaire to:

Professor Peter J Dowling
Department of Management
University of Tasmania
PO Box 1214
Launceston Tas. 7250

PART A

This section of the questionnaire is designed to be answered by **all** persons who are members of the Australian Human Resources Institute.

Please answer all relevant questions.

1. What is your age? _____ (years)

2. What is your gender?

   ☐ Female

   ☐ Male

3. Where were you born?

   ☐ Australia

   ☐ Outside of Australia

4. What is the highest level of education you have attained? [*Please tick one*]

   ☐ A high school qualification

   ☐ Some tertiary education but refrained from completing

   ☐ Tertiary diploma or certificate

   ☐ Tertiary degree (eg BA, BCom, BEc)

   ☐ Graduate studies but refrained from completing

   ☐ Graduate degree(s) completed (eg MBA, MA, PhD)

   ☐ Other. Please specify _____

5. In which area did you commence your working career? [*Please tick one*]

   ☐ Human Resources / Industrial relations

   ☐ Engineering

   ☐ Research & Development

   ☐ Supply / Purchasing

   ☐ EDP / Computer Services

   ☐ Law

   ☐ Clerical

   ☐ Marketing / Sales

   ☐ Accounting / Finance

   ☐ Production

   ☐ Distribution

   ☐ Management Services

   ☐ Other. Please specify _____

6. What is your current AHRI grade? [*Please tick one*]

- ☐ Student
- ☐ Member
- ☐ Chartered Member
- ☐ Fellow
- ☐ Life Member / Fellow

7. In what year did you join AHRI (IPMA)?

_____

8. Please list any other associations to which you belong.

_____

_____

9. Please indicate in order of priority the aspects of AHRI membership which are of most value to you. [*1 = highest*]

- ☐ Professional recognition/accreditation
- ☐ Networking opportunities
- ☐ Access to *Asia Pacific Journal of Human Resources* and *HR Monthly*
- ☐ Conferences/Seminars
- ☐ Professional Development
- ☐ Other. Please specify _____

_____

10. What topics/subject areas are you most interested to learn about for your own professional development?

_____

_____

11. How frequently do you attend AHRI events / conferences / seminars? [*Please tick one*]

- ☐ 4 times a year or more
- ☐ 1 to 3 times a year
- ☐ Occassionally
- ☐ Never

12. In order to assist members what should AHRI be doing?

(a) More of _____

_____

(b) Less of _____

13. Listed below are several attributes which characterise professional occupations to varying degrees. Please place the appropriate scale number in the **first column**, column A, to indicate the degree to which each attribute **actually describes** human resources work.

Then place a 'Y' or 'N' (Yes or No) in the **second column**, column B, to indicate whether **improvement is needed**.

Not at all descriptive — *Somewhat accurate* — *Describes it very well*

1 2 3 4 5

		A	B
(a)	A body of specialised knowledge which requires serious theoretical study	☐	☐
(b)	A code of ethics with which members of the profession must comply	☐	☐
(c)	Members oriented towards an objective of serving the community	☐	☐
(d)	Recognized by the general public as a distinct profession	☐	☐
(e)	Limited access to the profession, based on acquisition of standard skills/knowledge	☐	☐
(f)	A professional society or association which, among other things, represents and gives voice to the entire field	☐	☐
(g)	Networking among practitioners	☐	☐

14. Are you currently in employment in an organization? [*Please tick one*]

☐ Yes. [*Go to Q. 16*]

☐ No. [*Go to Q. 15*]

15. If you are **not** currently in full-time employment in an organisation, which **one** of the following best describes your current position? [*Please tick one*]

☐ Retired

☐ Student

☐ Domestic Duties

☐ Other. Please specify _____

_____

If you have just answered question 15, this concludes our questions and we would like to thank you for your co-operation

16. Which **one** of the following best describes your employment situation. [*Please tick one*]

- ☐ Full-time employee
- ☐ Part-time employee
- ☐ Job-share employee
- ☐ Self-employed

17. Which **one** of the following best describes your employing organization? [*Please tick one*]

- ☐ Public (eg, local, state or federal government, military)
- ☐ Private, for-profit corporation (eg, Westpac, BHP, for-profit hospital)
- ☐ Private, for-profit consulting firm
- ☐ Private, not-for-profit organization (eg, non-profit health institution; non-profit foundation)
- ☐ Academic (tertiary college, institute or university)
- ☐ Other. Please specify_____

18. If you are not working in the public sector, which **one** of the following descriptions best fits your employing organization? [*Please tick one*]

- ☐ Fully or majority foreign owned
- ☐ Fully or majority Australian owned
- ☐ Other. Please specify_____

19. Please indicate which industry category best describes your organization. [*Please tick one*]

- ☐ Agriculture, forestry, fishing
- ☐ Mining
- ☐ Manufacturing
- ☐ Electricity, Gas & Water
- ☐ Construction
- ☐ Wholesale & Retail trade
- ☐ Communications
- ☐ Finance, Property & Business Services
- ☐ Public Administration & Defence
- ☐ Community Service
- ☐ Recreation
- ☐ Transport & Storage
- ☐ Other. Please specify_____

20. How long have you been with your present employer? [*Please tick one*]

- ☐ Less than one year
- ☐ One to three years
- ☐ Four to seven years
- ☐ Eight to fifteen years
- ☐ Sixteen years or longer

21. How long have you been in your present job? [*Please tick one*]

- ☐ Less than one year
- ☐ One to three years
- ☐ Four to seven years
- ☐ Eight to fifteen years
- ☐ Sixteen years or longer

22. How many hours do you work in an average week? [*Please tick one*]

- ☐ 35 - 40
- ☐ 41 - 45
- ☐ 46 - 50
- ☐ 51 - 55
- ☐ 56 - 60
- ☐ More than 60

23. If you are currently working in a human resources role (either "in house" or as a consultant), please indicate how important each of the following factors were in helping you to obtain this specific position. Use the scale below:

Not at all important		*Somewhat important*		*Very important*
1	2	3	4	5

- ☐ A specialist degree or diploma in Human Resources or Industrial Relations
- ☐ Some other degree, diploma or professional qualification
- ☐ Your track record as a line manager in this organization or elsewhere
- ☐ Your track record as a human resource specialist in this organization or elsewhere
- ☐ Your track record as a member of one of the "caring professions" (eg nursing, teaching)
- ☐ Your track record in the armed forces
- ☐ Your personal contacts and networks
- ☐ Other. Please specify _____

24. What steps have you taken to improve your qualifications in the last three years? [*Tick more than one box if you wish*]

- ☐ Have undertaken or completed bachelor's degree studies
- ☐ Have undertaken or completed master's degree studies
- ☐ Have undertaken or completed graduate diploma studies
- ☐ Have attended in-house training courses or conferences
- ☐ Have attended external management short courses or conferences
- ☐ Other. Please specify_____
- ☐ None

25. (i) What is your present job title? _____

(ii) If you work in an organization, what is the title of the department in which you work?

_____

(iii) If you work in an organization, which of the following categories best describes the organizational location of your job?

- ☐ Corporate head office / Central Office
- ☐ Branch Office
- ☐ Production Site
- ☐ Other. Please specify_____

(iv) If you work in an organization, what is the total number of equivalent full-time, (FTE) employees in the human resource function?

_____

(v) If you work in an organization, which **one** of the following best describes how the human resource function is organised? [*Please tick one*]

- ☐ There are HR practitioners in each business unit (or equivalent) with a central or "headquarters" HR group providing certain policy directives or guidelines.
- ☐ There are HR practitioners in each business unit (or equivalent) but no central or "headquarters" HR group.
- ☐ The organization is too small for either of the above. There is an HR department which handles both policy and operating human resources matters. N.B. This could be a department consisting of one individual only.
- ☐ There are no "fully committed" HR practitioners in the organization. One or more managers handles HR matters as **part** of their duties.
- ☐ Other. Please specify_____

_____

26. Which **one** of the following best describes the emphasis of your position? [*Please read the word "primarily" as meaning 60 per cent or more of your time*] [*Please tick one*]

- ☐ I am primarily involved in recruitment/selection.
- ☐ I am primarily involved in training and development.
- ☐ I am primarily involved in industrial relations.
- ☐ I am primarily involved in EEO issues.
- ☐ I am primarily involved in occupational health and safety.
- ☐ I am primarily involved in executive remuneration/performance management systems.
- ☐ I am primarily involved in human resource information systems.
- ☐ I am primarily involved in wage/salary administration.
- ☐ I am involved in a broad range of human resource issues.
- ☐ Other. Please specify _____

27. (i) For approximately how many years have you worked as an HR practitioner? [*Please tick one*]

- ☐ Less than 5 years
- ☐ 5 - 9 years
- ☐ 10 - 14 years
- ☐ 15 - 19 years
- ☐ 20 - 24 years
- ☐ More than 25 years
- ☐ Not applicable

(ii) Which **one** of the following best describes your attitude to being an HR practitioner: [*Please tick one*]

- ☐ I intend to remain an HR practitioner. This is a settled career choice.
- ☐ Being an HR practitioner is part of a broader career in management. I intend to switch into another management stream at some stage.
- ☐ Neither. Please specify _____

28. Listed below are several statements about contemporary developments in the human resources field. Using the scale provided, to what extent do you agree or disagree with each of the statements?

Strongly disagree	*Somewhat disagree*	*No opinion*	*Somewhat agree*	*Strongly agree*
1	2	3	4	5

(i) The main contribution HR practitioners make to an organization is the provision of expert advice and/or services in areas where line managers cannot be expected to be experts ☐

(ii) The old "welfare" or care-giving role of HR practioners is dying ☐

(iii) The old adversarial style of "industrial relations" focusing on the arbitration tribunals is giving way to a more collaborative style of "employee relations" focusing on the workplace ☐

(iv) There is a growing recognition amongst HR practitioners that different HR policies should be more carefully linked to the organization's strategy ☐

(v) There is a growing recognition amongst HR practitioners that different HR policies should be more carefully integrated (e.g. training and performance evaluation) in order to send employees a consistent set of policy signals ☐

(vi) In developing particular policies, HR practitioners are more influenced by the HR practices of other firms than the problems of their own organizational context ☐

(vii) There is a noticeable growth of HR policies that aim to build strong direct communications between management and employees ☐

(viii) Human resource issues are now better understood at top management level than ever before ☐

(ix) Top management is now exercising a higher level of leadership in human resource issues than ever before ☐

(x) Today's senior managers expect HR practitioners to make an improved contribution to the organization's effectiveness ☐

(xi) Increasingly, HR practitioners must justify how a new HR program (e.g. a new training initiative or a new performance appraisal system) will add value to the organization ☐

29. In your opinion, what are the most significant changes that have occurred in the HR field in the **last** five years? [*Please read the term "HR field" to mean the whole area of managing people at work, not just specific HR activities*]

(i) _____

(ii) _____

(iii) _____

30. What issues are likely to have the greatest impact on the HR field in the **next** five years? [*Please read the term "HR field" in the same way as for Q29*]

(i) _____

(ii) _____

31. In terms of your **own** job satisfaction:

(i) What aspects of your job provide you with the **most** satisfaction?

_____

(ii) What aspects of your job provide you with the **least** satisfaction?

_____

_____

(iii) Overall, how do you feel about your present job? [*Please tick one*]

☐ I love it

☐ I like it very much

☐ I like it

☐ It's just a job

☐ Not really keen

☐ Dislike it a great deal

☐ I hate it

32. (i) What is your present **base** salary (excluding fringe benefits)? [*Please tick one*]

☐ Less than $25,000

☐ $26,000 - $40,000

☐ $41,000 - $55,000

☐ $56,000 - $70,000

☐ $71,000 - $85,000

☐ $86,000 - $100,000

☐ $101,000 - $115,000

☐ $116,000 or more

(ii) Approximately, what is the annual value of the fringe benefits that are associated with your position?

$_____

☐ Not applicable

This concludes Part A of the questionnaire

Part B is designed to be answered by those persons who are the most senior managers in charge of the human resource function in the organization for which they work.

Though their titles will vary, such persons, then, will be the person ultimately responsible for specialist human resources activity in their organization.

If this description fits your position, please proceed to answer Part B of the questionnaire.

If the description does **not** fit your present position (or if you are self-employed), that concludes our questions. We would like to thank you most sincerely for your cooperation.

PART B

In this section, we ask you a number of questions about yourself and your organization relevant to your role as the manager with ultimate responsibility for the human resource function in your organization.

Please answer all questions.

1. In which of the following areas has your HR department developed important new policies, programs or systems in the last 5 years?

- ☐ Recruitment strategy
- ☐ Selection processes
- ☐ Job analysis
- ☐ Job design
- ☐ Workforce planning
- ☐ Performance appraisal for management employees
- ☐ Performance appraisal for non-management employees
- ☐ Non-management training & development
- ☐ Management development
- ☐ Job evaluation for management employees
- ☐ Job evaluation for non-management employees
- ☐ Performance-related pay for management employees
- ☐ Performance-related pay for non-management employees
- ☐ Skill-based pay
- ☐ Occupational health & safety
- ☐ Career counselling
- ☐ EEO/diversity
- ☐ Award and/or union coverage
- ☐ Joint consultation and participation
- ☐ Quality circles or small group problem solving
- ☐ Team briefing
- ☐ Team building
- ☐ Employee share ownership
- ☐ Termination management
- ☐ Employee discipline
- ☐ Other (please specify) _____

2. Do you think it is part of the HR function to help retain **corporate memory** during a period of downsizing? Corporate memory refers to the formal and informal knowledge of employees gained through their experiences and positions in the organization. [*Please tick one*]

- ☐ Yes
- ☐ No
- ☐ Unsure

3. (i) In your organization, what HR function, program or system has been **most** successful in raising line management's appreciation of HR assistance?

_____

(ii) To what do you attribute this success?

_____

_____

4. (i) In your organization, what HR function, program or system has been **least** successful in raising line management's appreciation of HR assistance?

_____

(ii) To what do you attribute this lack of success?

_____

5. Relative to the major "line management" departments, what is your perception of the prestige which the HR function enjoys in senior management's eyes? [*Please tick one*]

☐ High prestige

☐ Medium prestige

☐ Low prestige

6. Over the past 5 years, has your HR department/function/group grown or contracted (in terms of staff size)? [*Please tick one*]

☐ Has contracted greatly

☐ Has contracted moderately

☐ Has stayed about the same

☐ Has grown moderately

☐ Has grown greatly

7. In the past 24 months, what major HR programs or systems has the HR function initiated with the help of external consultants?

(i) _____

(ii) _____

(iii) _____

8. Is there a member of the organization's board of directors (or its equivalent) who is responsible for HR matters? [*Please tick one*]

☐ No

☐ Yes, it is his/her main responsibility

☐ Yes, it is part of his/her responsibility

9. Is there a sub-committee of the board of directors which is responsible for HR matters? [*Please tick one*]

☐ No [*Go to Q11*]

☐ Yes [*Go to next question*]

10. Please indicate which issues the director/sub-committee is concerned with.

_____

_____

11. Is there a committee of senior executives which meets regularly to consider HR matters at

(i) the enterprise level? [*Please tick one*]

☐ Yes

☐ No

(ii) the division/business unit level? [*Please tick one*]

☐ Yes

☐ No

12. Do you report directly to the chief executive? [*Please tick one*]

☐ Yes [*Go to Q15*]

☐ No [*Go to next question*]

13. If you do not report directly to the chief executive, how many layers of management are there between your position and the chief executive? [*Please tick one*]

☐ One

☐ Two

☐ Three

☐ Four or more

14. What is the title of the position to which you directly report?

_____

15. How many years have you been employed in the human resource function within your organization?

_____

16. Are you responsible for HR in operating subsidiaries/joint ventures in countries outside Australia? [*Please tick one*]

☐ No [*Go to Q20*]

☐ Yes [*Go to next question*]

17. Please indicate in which areas you have offshore operations

☐ New Zealand

☐ Pacific Islands

☐ Asia

☐ South America

☐ Africa

☐ Indian Sub-Continent

☐ Middle East

☐ North America

☐ Europe

☐ Other. Please specify

_____

18. What are the major international HR issues facing your organization?

_____

_____

19. How do you keep up-to-date with developments/trends in the other countries in which you operate?

_____

_____

20. What is the total number of full-time equivalent (FTE) employees in your organization? [*If your organization is the subsidiary of an overseas company, please provide the total number of FTE employees in the Australian subsidiary.*]

_____

Thank you for your cooperation

Appendix 3

Case Study Protocol

Proposed Title of the Research Project

The HR function in Australian organisations: supports and barriers to strategic HR integration.

Research Objectives

1) To interview HR managers about their views on the status of HR and the success of the HR goal of integration.
2) To interview senior line managers and finance managers about their views on the status of HR and the success of the HR goal of integration.
3) To determine the factors that support or detract from the success of the HR goal of integration.

Selection of Case Study Organisations

Fifteen of the companies that successfully took part in the Best Practice program in Australia will be approached to participate in the current research. The Best Practice program was announced in 1991 and was jointly administered by the Federal Department of Industrial Relations and the Australian Manufacturing Council Secretariat in association with the Federal Departments of Industry, Technology and Commerce, and Employment, Education and Training.

These companies are characterised by a commitment to the development of HR principles and as such are considered to be a suitable target group. It can be assumed that these companies have an understanding of the objectives of an HR approach and the research can accordingly concentrate on factors that affect the success or otherwise of the implementation of HR principles. Using a group of companies that have not been chosen on the basis of random selection is in line with the guidelines provided by Eisenhardt (1987) and Miles and Huberman (1994).

Gaining Access to Organisations

Initial contact will be made through a telephone conversation with the senior HR manager in each organisation. The purpose of the research will be outlined to them and it will be explained that they had been chosen because of their involvement with the Best Practice Company program and as such are seen to be a company that understands the importance of HR initiatives.

A request will then be made of the HR manager to indicate the names of a suitable line manager and the name of the senior manager responsible for finance. The expectation will be that the researcher will personally contact these people.

The telephone contact with each manager will then be followed by a follow-up letter that clarifies the objectives of the research, confirms the times of the interviews and thanks them for their time (see attachment for the pro forma of the letter sent to the HR manager).

Interview Scripts

A semi-structured format will be used in each interview. Broadly there are four main areas of inquiry:

1. general information about the organisation and the respondent's position within the organisational structure;
2. questions related to the strategic role of HR;
3. questions about the devolution of HR responsibilities to the line; and,
4. demographic information about the respondent and their career background.

The emphasis on each of these areas will alter depending on the role of the respondent. Specifically the HR manager will be asked to comment on all areas, the line manager will not be questioned extensively on the strategic input of HR unless the respondent has knowledge of the workings of the central decision-making group and the finance manager will generally not be asked to comment on the devolution of HR to the line.

As there are some items that require the participant to provide a rating or score, a form with these items is attached and should be given to the respondent so that they have all the information in front of them. This form is for reference only and it is not designed to determine or restrict the flow of the conversation.

Attachments are provided that detail the interview format to be used by the interviewer as well as a copy of the form of selected items that will be given to the respondent.

Insert address

Insert date

Proforma of letter sent to HR managers

Dear *insert first name*

Thank you for agreeing to talk over some of the HR issues that face you and your organisation. I am looking forward to seeing you on *insert date.* I have arranged to meet with *insert name of finance manager* and *insert name of line manager* as well and I thank you for your assistance in providing their names.

The research that I am currently involved in is a follow-up to the AHRI membership survey carried out in 1995. In that research we reported on changes in the HR profession and looked at possible directions for HR in the next five years. We are currently interested in the role of the HR function in organisational decision making and the level of HR devolution to line management. Specifically we are trying to identify factors that assist the success of the HR function and factors that detract from the impact that HR can make.

I have included your organisation in the study because you have previously taken part in the Best Practice program. Your company will not be identified by name however, and your personal responses will be anonymous. All information will be recorded in a completely confidential manner.

Thank you again for your help, I look forward to meeting you next week,

Yours sincerely

Cathy Fisher
Lecturer
Department of Management
University of Tasmania

Strategic HR Integration

University of Tasmania
1998

Introduction

- Introduce yourself.
- Explain that this research is intended as a follow-up to the AHRI survey work conducted in 1995. The objectives of these interviews with senior HR, finance and line managers is to gather some in-depth information about the status of HR and the success of the integration of HR initiatives.
- Assure the respondent that all interviewees will remain anonymous

Section 1: Organisational information

- What is the job title of the person being interviewed?
- Briefly what are the responsibilities of their job?
- What is the title of the person to whom they report?
- What is the number of full-time equivalent employees on site?
- Has this figure changed in the last five years?
- What is the number of employees in the entire organisation?

Section 2: Strategic Role of HR

General involvement in decision making [1]

- Which best describes the role that the human resource / personnel area (its staff) plays in determining or supporting the firm's strategic direction. (Please check just one)

1. The human resource area ***provides operational support,*** develops some internal programs to meet specific needs, but is generally viewed as a processor of paperwork and employment activities

2. The human resource area ***reacts to*** strategic directions and requests from top management

3. The human resource area provides ***input into and reacts to*** strategic directions set by top management, but only on personnel related matters

4. The human resource area is ***actively involved in all types of strategic decisions***, whether or not they directly affect personnel matters.

Involvement in competitive strategic initiatives

- What have been the major business changes / decisions in the last two years?

- On a Likert scale of 1-5 what would be the level of involvement of the human resource function in these major business changes / decisions[2]

	Low involvement				High involvement
Drawing up proposals	1	2	3	4	5
Evaluating financial consequences	1	2	3	4	5
Taking the final decision	1	2	3	4	5
Implementation	1	2	3	4	5

- What are the most limiting influences / factors upon the HR input into strategic business decisions.

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[1] Modelled on the research of Buller, P. F. & Napier, N. K. (1993) Strategy and human resource management integration in fast growth versus other mid-sized firms. *British Journal of Management,* 4: 77-90.

[2] Modelled on the research of Purcell, J. (1995) Corporate strategy and its link with human resource management strategy. In J. Storey (ed), *Human Resource Management: A critical text.* (pp. 63-86) London: Routledge.

- Which business decisions of strategic importance are the most difficult for the personnel director to influence? Give two examples.

Senior Committee Level Representation

- Is there a member of the organisation's Board of Directors (or its equivalent) who is fully responsible for HR matters?

- Is there a member of the organisation's Board of Directors (or its equivalent) who is partially responsible for HR matters?

    - If yes, roughly what percentage of their responsibility is associated with HR?
    - If no, who on the main Board of Directors has responsibility for personnel / HR issues?

- Is there a committee of senior executives which meets regularly to consider HR matters?

- Who is represented on that committee?

Access to the CEO

- To whom does the HR manager directly report?

- If the HR manager does not report directly to the CEO, how many layers of management are there between that position and the chief executive?

- Where would the HR manager be rated relative to other senior managers in their relationship with the CEO

Distant				Close
1	2	3	4	5

- What methods used by the senior HR manager are effective in raising other managers' awareness of HR matters?

Section 3: HR policy and practice initiatives

- Does the organisation have a

	Yes -written	Yes - unwritten	No	Don't know
Mission statement				
Corporate strategy				
Personnel / HR strategy				

- Is the HR management strategy linked with the organisation's mission statement or corporate strategy?

- What have been the important new HR policy programs and systems in the last two years? Why have these policy programs been initiated?

- Below please indicate on a scale of 1 and 5 which best describes the HR policy development process in your organisation.[3]

HR policy & system initiatives are integrated 1 2 3 4 5 HR policy & system initiatives are developed in a 'stand alone' manner

- If the score was 1, 2 or 3 what form did such integration take?

- Have there been any difficulties in the implementation of HR policy directives?

- How important are the following human resource activities to the organisation's long run success, and how closely are they linked with the firm's strategy?[4]

	Importance to organisational success					Linkage to organisational strategy				
	Low				High	Low				High
Human resource planning	1	2	3	4	5	1	2	3	4	5
Recruitment & Selection	1	2	3	4	5	1	2	3	4	5
Performance appraisal	1	2	3	4	5	1	2	3	4	5
Compensation / benefits	1	2	3	4	5	1	2	3	4	5
Training & Development	1	2	3	4	5	1	2	3	4	5
Labour / employee relations	1	2	3	4	5	1	2	3	4	5
Employee involvement	1	2	3	4	5	1	2	3	4	5
EEO	1	2	3	4	5	1	2	3	4	5

- What sort of attempts have been made by the HR area to incorporate the goals and needs of areas such as marketing, production and finance into HR policy design?

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[3] Modelled on the research of Poole, M. & Jenkins, G. (1997) Developments in human resource management in manufacturing in modern Britain. *The International Journal of Human Resource Management,* 8 (6): 841-56.

[4] Modelled on the research of Buller, P. F. & Napier, N. K. (1993) Strategy and human resource management integration in fast growth versus other mid-sized firms. *British Journal of Management,* 4: 77-90.

Section 4: Devolution of HR responsibilities to line management

- How is the HR function organised?
- What is the total number of equivalent full-time employees in the HR function ?
- Has this figure changed in the last five years?
- Below please indicate on a scale of 1 and 5 which best describes the role of the HR/personnel function in your organisation

HR assumes full responsibility for effective management of human resources	1	2	3	4	5	HR provides advice to line management, who is responsible for effective management of all human resources

- What sort of functions / activities previously performed by the personnel / HR area have now been devolved to line managers?

	Line Manager Involvement					Changes in the last 3 years		
	Low				High	Increased	Same	Decreased
Human resource planning	1	2	3	4	5			
Recruitment & Selection	1	2	3	4	5			
Performance appraisal	1	2	3	4	5			
Compensation / benefits	1	2	3	4	5			
Training & Development	1	2	3	4	5			
Labour / employee relations	1	2	3	4	5			
Occupational Health & Safety	1	2	3	4	5			
EEO	1	2	3	4	5			

- What do line managers use the HR function for?
- Which of these activities have been successfully devolved? Why?
- Which of these devolved activities have been poorly carried out? Why?

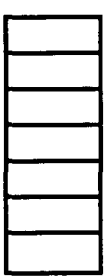
Section 5: General questions

- How important is it that HR becomes part of the senior decision making process?
- What assists this integration?
- What detracts from this integration?
- How important is it that HR is devolved to the line?
- What assists this integration?
- What detracts from this integration?
- What do you think are the main strengths and weaknesses of the HR department?
- What is the future of HR in this organisation?

Section 6: Demographics

Education background

A high school qualification
Some tertiary education but refrained from completing
Tertiary diploma or certificate
Tertiary degree
Graduate studies but refrained from completing
Graduate degree completed
Other



Career details

- Within this firm has the respondent worked outside their current functional area?
- If so, in which function did they work and for how long?
- Have they worked in another company
- If so did they work outside their current functional area?

Age

- What age band does the respondent fall into?

30-39 40-49 50-59 60+

Strategic HR Integration

University of Tasmania
1998

Strategic Role of HR

- Which best describes the role that the human resource / personnel area (its staff) plays in determining or supporting your firm's strategic direction. (Please check just one)

1. The human resource area ***provides operational support,*** develops some internal programs to meet specific needs, but is generally viewed as a processor of paperwork and employment activities

2. The human resource area ***reacts to strategic directions*** and requests from top management

3. The human resource area ***provides input into and reacts to strategic directions*** set by top management, but only on personnel related matters

4. The human resource area is ***actively involved in all types of strategic decisions***, whether or not they directly affect personnel matters

- On a scale of 1-5 what would be the level of involvement of the human resource function in these major business changes / decisions

	Low involvement				High involvement
Drawing up proposals	1	2	3	4	5
Evaluating financial consequences	1	2	3	4	5
Taking the final decision	1	2	3	4	5
Implementation	1	2	3	4	5

- Where would the HR manager be rated relative to other senior managers in their relationship with the CEO

Distant Close
1 2 3 4 5

- Does your organisation have a

	Yes -written	Yes - unwritten	No	Don't know
Mission statement				
Corporate strategy				
Personnel / HR strategy				

- Below please indicate on a scale of 1 and 5 which best describes the HR policy development process in your organisation

HR policy & system initiatives are integrated 1 2 3 4 5 HR policy & system initiatives are largely developed in a 'stand alone' format.

- How important are the following human resource activities to your organisation's long run success, and how closely are they linked with the firm's strategy?

	Importance to organisational success					Linkage to organisational strategy				
	Low				High	Low				High
Human resource planning	1	2	3	4	5	1	2	3	4	5
Recruitment & Selection	1	2	3	4	5	1	2	3	4	5
Performance appraisal	1	2	3	4	5	1	2	3	4	5
Compensation / benefits	1	2	3	4	5	1	2	3	4	5
Training & Development	1	2	3	4	5	1	2	3	4	5
Labour / employee relations	1	2	3	4	5	1	2	3	4	5
Employee involvement	1	2	3	4	5	1	2	3	4	5
EEO	1	2	3	4	5	1	2	3	4	5

Devolution of HR responsibilities to line management

- Below please indicate on a scale of 1 and 5 which best describes the role of the HR/personnel function in your organisation

HR assumes full responsibility for effective management of human resources	1	2	3	4	5	HR provides advice to line management, who is responsible for effective management of all human resources

- What do line managers use the HR function for?

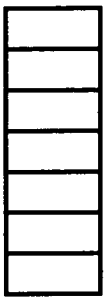
For example, has the responsibility of line management changed over the last three years for any of the following issues?

	Line Manager Involvement	Changes in the last 3 years		
	Low High	Increased	Same	Decreased
Human resource planning	1 2 3 4 5			
Recruitment & Selection	1 2 3 4 5			
Performance appraisal	1 2 3 4 5			
Compensation / benefits	1 2 3 4 5			
Training & Development	1 2 3 4 5			
Labour / employee relations	1 2 3 4 5			
Occupational Health & Safety	1 2 3 4 5			
EEO	1 2 3 4 5			

Demographics

What is the highest level of education you have attained?

A high school qualification
Some tertiary education but refrained from completing
Tertiary diploma or certificate
Tertiary degree
Post graduate studies but refrained from completing
Post graduate degree completed
Other



- What age band do you fall into (please circle)?

  30-39

  40-49

  50-59

  60+

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Dowling, P. J., Fisher, C., 1997. The Australian HR professional: a 1995 profile. Asia Pacific journal of human resources, 35(1), 1-20.

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